
HOUSE BILL 1534

State of Washington

68th Legislature

2023 Regular Session

By Representatives Orwall, Berry, and Fosse

Read first time 01/24/23. Referred to Committee on Labor & Workplace Standards.

1 AN ACT Relating to strengthening protections for consumers in the
2 construction industry; amending RCW 18.27.010, 18.27.030, 18.27.040,
3 18.27.340, 18.27.400, and 51.44.190; reenacting and amending RCW
4 43.79A.040; adding new sections to chapter 18.27 RCW; providing
5 effective dates; providing an expiration date; and declaring an
6 emergency.

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

8 **Sec. 1.** RCW 18.27.010 and 2015 c 52 s 1 are each amended to read
9 as follows:

10 The definitions in this section apply throughout this chapter
11 unless the context clearly requires otherwise.

12 (1)(a) "Contractor" includes any person, firm, corporation, or
13 other entity who or which, in the pursuit of an independent business
14 undertakes to, or offers to undertake, or submits a bid to,
15 construct, alter, repair, add to, subtract from, improve, develop,
16 move, wreck, or demolish any building, highway, road, railroad,
17 excavation or other structure, project, development, or improvement
18 attached to real estate or to do any part thereof including the
19 installation of carpeting or other floor covering, the erection of
20 scaffolding or other structures or works in connection therewith, the
21 installation or repair of roofing or siding, performing tree removal

1 services, or cabinet or similar installation; or, who, to do similar
2 work upon his or her own property, employs members of more than one
3 trade upon a single job or project or under a single building permit
4 except as otherwise provided in this chapter.

5 (b) "Contractor" also includes a consultant acting as a general
6 contractor.

7 (c) "Contractor" also includes any person, firm, corporation, or
8 other entity covered by this subsection (1), whether or not
9 registered as required under this chapter or who are otherwise
10 required to be registered or licensed by law, who offer to sell their
11 property without occupying or using the structures, projects,
12 developments, or improvements for more than one year from the date
13 the structure, project, development, or improvement was substantially
14 completed or abandoned. A person, firm, corporation, or other entity
15 is not a contractor under this subsection (1)(c) if the person, firm,
16 corporation, or other entity contracts with a registered general
17 contractor and does not superintend the work.

18 (2) "Department" means the department of labor and industries.

19 (3) "Director" means the director of the department of labor and
20 industries or designated representative employed by the department.

21 (4) "Filing" means delivery of a document that is required to be
22 filed with an agency to a place designated by the agency.

23 (5) "General contractor" means a contractor whose business
24 operations require the use of more than one building trade or craft
25 upon a single job or project or under a single building permit. A
26 general contractor also includes one who superintends, or consults
27 on, in whole or in part, work falling within the definition of a
28 contractor.

29 (6) "Notice of infraction" means a form used by the department to
30 notify contractors that an infraction under this chapter has been
31 filed against them.

32 (7) "Partnership" means a business formed under Title 25 RCW.

33 (8) "Registration cancellation" means a written notice from the
34 department that a contractor's action is in violation of this chapter
35 and that the contractor's registration has been revoked.

36 (9) "Registration suspension" means either an automatic
37 suspension as provided in this chapter, or a written notice from the
38 department that a contractor's action is a violation of this chapter
39 and that the contractor's registration has been suspended for a

1 specified time, or until the contractor shows evidence of compliance
2 with this chapter.

3 (10) "Residential homeowner" means an individual person or
4 persons owning or leasing real property:

5 (a) Upon which one single-family residence is to be built and in
6 which the owner or lessee intends to reside upon completion of any
7 construction; or

8 (b) Upon which there is a single-family residence to which
9 improvements are to be made and in which the owner or lessee intends
10 to reside upon completion of any construction.

11 (11) "Service," except as otherwise provided in RCW 18.27.225 and
12 18.27.370, means posting in the United States mail, properly
13 addressed, postage prepaid, return receipt requested, or personal
14 service. Service by mail is complete upon deposit in the United
15 States mail to the last known address provided to the department.

16 (12) "Specialty contractor" means a contractor whose operations
17 do not fall within the definition of "general contractor". A
18 specialty contractor may only subcontract work that is incidental to
19 the specialty contractor's work.

20 (13) "Substantial completion" means the same as "substantial
21 completion of construction" in RCW 4.16.310.

22 (14) "Successor" means a contractor who acquires through sale,
23 lease, gift, or any process, all or part of the operating assets of
24 another business entity, where the contractor is under substantially
25 common ownership, management, or control of the other business
26 entity.

27 (15) "Unregistered contractor" means a person, firm, corporation,
28 or other entity doing work as a contractor without being registered
29 in compliance with this chapter. "Unregistered contractor" includes
30 contractors whose registration is expired, revoked, or suspended.
31 "Unregistered contractor" does not include a contractor who has
32 maintained a valid bond and the insurance or assigned account
33 required by RCW 18.27.050, and whose registration has lapsed for
34 (~~thirty~~) 30 or fewer days.

35 (~~(15)~~) (16) "Unsatisfied final judgment" means a judgment or
36 final tax warrant that has not been satisfied either through payment,
37 court approved settlement, discharge in bankruptcy, or assignment
38 under RCW 19.72.070.

39 (~~(16)~~) (17) "Verification" means the receipt and duplication by
40 the city, town, or county of a contractor registration card that is

1 current on its face, checking the department's contractor
2 registration database, or calling the department to confirm that the
3 contractor is registered.

4 **Sec. 2.** RCW 18.27.030 and 2008 c 120 s 1 are each amended to
5 read as follows:

6 (1) An applicant for registration as a contractor shall submit an
7 application under oath upon a form to be prescribed by the director
8 and which shall include the following information pertaining to the
9 applicant:

10 (a) Employer social security number.

11 (b) Unified business identifier number.

12 (c) Evidence of workers' compensation coverage for the
13 applicant's employees working in Washington, as follows:

14 (i) The applicant's industrial insurance account number issued by
15 the department;

16 (ii) The applicant's self-insurer number issued by the
17 department; or

18 (iii) For applicants domiciled in a state or province of Canada
19 subject to an agreement entered into under RCW 51.12.120(7), as
20 permitted by the agreement, filing a certificate of coverage issued
21 by the agency that administers the workers' compensation law in the
22 applicant's state or province of domicile certifying that the
23 applicant has secured the payment of compensation under the other
24 state's or province's workers' compensation law.

25 (d) Employment security department number.

26 (e) Unified business identifier (UBI) account number may be
27 substituted for the information required by (c) and (d) of this
28 subsection if the applicant will not employ employees in Washington.

29 (f) Type of contracting activity, whether a general or a
30 specialty contractor and if the latter, the type of specialty.

31 (g) The name and address of each partner if the applicant is a
32 firm or partnership, or the name and address of the owner if the
33 applicant is an individual proprietorship, or the name and address of
34 the corporate officers and statutory agent, if any, if the applicant
35 is a corporation or the name and address of all members of other
36 business entities. The information contained in such application is a
37 matter of public record and open to public inspection.

38 (2) The department may verify the workers' compensation coverage
39 information provided by the applicant under subsection (1)(c) of this

1 section, including but not limited to information regarding the
2 coverage of an individual employee of the applicant. If coverage is
3 provided under the laws of another state, the department may notify
4 the other state that the applicant is employing employees in
5 Washington.

6 (3) (a) The department shall deny an application for registration
7 if: (i) The applicant has been previously performing work subject to
8 this chapter as a sole proprietor, partnership, corporation, or other
9 entity and the department has notice that the applicant has an
10 unsatisfied final judgment against him or her in an action based on
11 work performed subject to this chapter or the applicant owes the
12 department money for penalties assessed or fees due under this
13 chapter as a result of a final judgment; (ii) the applicant was an
14 owner, principal, or officer of a partnership, corporation, or other
15 entity that either has an unsatisfied final judgment against it in an
16 action that was incurred for work performed subject to this chapter
17 or owes the department money for penalties assessed or fees due under
18 this chapter as a result of a final judgment; (iii) the applicant is
19 a successor to a business entity with an unsatisfied final judgment
20 against it in an action that was incurred for work performed subject
21 to this chapter or owes the department money for penalties assessed
22 or fees due under this chapter as a result of a final judgment; (iv)
23 the applicant does not have a valid unified business identifier
24 number; (~~(iv)~~) (v) the department determines that the applicant has
25 falsified information on the application, unless the error was
26 inadvertent; (~~or (v)~~) (vi) the applicant does not have an active
27 and valid certificate of registration with the department of revenue;
28 or (vii) the applicant is under 18 years old at the time of
29 application.

30 (b) The department shall suspend an active registration if (i)
31 the department has determined that the registrant has an unsatisfied
32 final judgment against it for work within the scope of this chapter;
33 (ii) the department has determined that the registrant is a sole
34 proprietor or an owner, principal, or officer of a registered
35 contractor that has an unsatisfied final judgment against it for work
36 within the scope of this chapter; (iii) the registrant does not
37 maintain a valid unified business identifier number; (iv) the
38 department has determined that the registrant falsified information
39 on the application, unless the error was inadvertent; or (v) the

1 registrant does not have an active and valid certificate of
2 registration with the department of revenue.

3 (c) The department may suspend an active registration if the
4 department has determined that an owner, principal, partner, or
5 officer of the registrant was an owner, principal, or officer of a
6 previous partnership, corporation, or other entity that has an
7 unsatisfied final judgment against it.

8 (4) The department shall not deny an application or suspend a
9 registration because of an unsatisfied final judgment if the
10 applicant's or registrant's unsatisfied final judgment was determined
11 by the director to be the result of the fraud or negligence of
12 another party unless the applicant or registrant is a successor to
13 said party.

14 **Sec. 3.** RCW 18.27.040 and 2019 c 155 s 1 are each amended to
15 read as follows:

16 (1) Each applicant shall file with the department a surety bond
17 issued by a surety insurer who meets the requirements of chapter
18 48.28 RCW in the sum of (~~twelve thousand dollars~~) \$30,000 if the
19 applicant is a general contractor (~~and six thousand dollars~~) or
20 \$15,000 if the applicant is a specialty contractor. If no valid bond
21 is already on file with the department at the time the application is
22 filed, a bond must accompany the registration application. The bond
23 shall have the state of Washington named as obligee with good and
24 sufficient surety in a form to be approved by the department. The
25 bond shall be continuous and may be canceled by the surety upon the
26 surety giving written notice to the director. A cancellation or
27 revocation of the bond or withdrawal of the surety from the bond
28 automatically suspends the registration issued to the contractor
29 until a new bond or reinstatement notice has been filed and approved
30 as provided in this section. The bond shall be conditioned that the
31 applicant will pay all persons performing labor, including employee
32 benefits, for the contractor, will pay all taxes and contributions
33 due to the state of Washington, and will pay all persons furnishing
34 material or renting or supplying equipment to the contractor and will
35 pay all amounts that may be adjudged against the contractor by reason
36 of breach of contract including improper work in the conduct of the
37 contracting business. A change in the name of a business or a change
38 in the type of business entity shall not impair a bond for the
39 purposes of this section so long as one of the original applicants

1 for such bond maintains partial ownership in the business covered by
2 the bond.

3 (2) At the time of initial registration or renewal, the
4 contractor shall provide a bond or other security deposit as required
5 by this chapter and comply with all of the other provisions of this
6 chapter before the department shall issue or renew the contractor's
7 certificate of registration. Any contractor registered as of (~~July~~
8 ~~1, 2001~~) June 30, 2024, who maintains that registration in
9 accordance with this chapter is in compliance with this chapter until
10 the next renewal of the contractor's certificate of registration.

11 (3) Any person, firm, or corporation having a claim against the
12 contractor for any of the items referred to in this section may bring
13 suit against the contractor and the bond or deposit in the superior
14 court of the county in which the work was done or of any county in
15 which jurisdiction of the contractor may be had. The surety issuing
16 the bond shall be named as a party to any suit upon the bond. Action
17 upon the bond or deposit brought by a residential homeowner for
18 breach of contract by a party to the construction contract shall be
19 commenced by filing the summons and complaint with the clerk of the
20 appropriate superior court within two years from the date the claimed
21 contract work was substantially completed or abandoned, whichever
22 occurred first. Action upon the bond or deposit brought by any other
23 authorized party shall be commenced by filing the summons and
24 complaint with the clerk of the appropriate superior court within one
25 year from the date the claimed labor was performed and benefits
26 accrued, taxes and contributions owing the state of Washington became
27 due, materials and equipment were furnished, or the claimed contract
28 work was substantially completed or abandoned, whichever occurred
29 first. Service of process in an action filed under this chapter
30 against the contractor and the contractor's bond or the deposit shall
31 be exclusively by service upon the department. Three copies of the
32 summons and complaint and a fee adopted by rule of not less than
33 (~~fifty dollars~~) \$50 to cover the costs shall be served by
34 registered or certified mail, or other delivery service requiring
35 notice of receipt, upon the department at the time suit is started
36 and the department shall maintain a record, available for public
37 inspection, of all suits so commenced. Service is not complete until
38 the department receives the fee and three copies of the summons and
39 complaint. The service shall constitute service and confer personal
40 jurisdiction on the contractor and the surety for suit on claimant's

1 claim against the contractor and the bond or deposit and the
2 department shall transmit the summons and complaint or a copy thereof
3 to the contractor at the address listed in the contractor's
4 application and to the surety within two days after it shall have
5 been received.

6 (4) The surety upon the bond shall not be liable in an aggregate
7 amount in excess of the amount named in the bond nor for any monetary
8 penalty assessed pursuant to this chapter for an infraction. The
9 liability of the surety shall not cumulate where the bond has been
10 renewed, continued, reinstated, reissued or otherwise extended. The
11 surety upon the bond may, upon notice to the department and the
12 parties, tender to the clerk of the court having jurisdiction of the
13 action an amount equal to the claims thereunder or the amount of the
14 bond less the amount of judgments, if any, previously satisfied
15 therefrom and to the extent of such tender the surety upon the bond
16 shall be exonerated but if the actions commenced and pending and
17 provided to the department as required in subsection (3) of this
18 section, at any one time exceed the amount of the bond then
19 unimpaired, claims shall be satisfied from the bond in the following
20 order:

21 (a) Employee labor and claims of laborers, including employee
22 benefits;

23 (b) Claims for breach of contract by a party to the construction
24 contract;

25 (c) Registered or licensed subcontractors, material, and
26 equipment;

27 (d) Taxes and contributions due the state of Washington;

28 (e) Any court costs, interest, and attorneys' fees plaintiff may
29 be entitled to recover. The surety is not liable for any amount in
30 excess of the penal limit of its bond.

31 A payment made by the surety in good faith exonerates the bond to
32 the extent of any payment made by the surety.

33 (5) The total amount paid from a bond or deposit required of a
34 general contractor by this section to claimants other than
35 residential homeowners must not exceed one-half of the bond amount.
36 The total amount paid from a bond or deposit required of a specialty
37 contractor by this section to claimants other than residential
38 homeowners must not exceed one-half of the bond amount or (~~four~~
39 ~~thousand dollars~~) \$4,000, whichever is greater.

1 (6) The prevailing party in an action filed under this section
2 against the contractor and contractor's bond or deposit, for breach
3 of contract by a party to the construction contract involving a
4 residential homeowner, is entitled to costs, interest, and reasonable
5 attorneys' fees. The surety upon the bond or deposit is not liable in
6 an aggregate amount in excess of the amount named in the bond or
7 deposit nor for any monetary penalty assessed pursuant to this
8 chapter for an infraction.

9 (7) If a final judgment impairs the liability of the surety upon
10 the bond or deposit so furnished that there is not in effect a bond
11 or deposit in the full amount prescribed in this section, the
12 registration of the contractor is automatically suspended until the
13 bond or deposit liability in the required amount unimpaired by
14 unsatisfied judgment claims is furnished.

15 (8) In lieu of the surety bond required by this section the
16 contractor may file with the department an assigned savings account,
17 upon forms provided by the department.

18 (9) Any person having filed and served a summons and complaint as
19 required by this section having an unsatisfied final judgment against
20 the registrant for any items referred to in this section may execute
21 upon the security held by the department by serving a certified copy
22 of the unsatisfied final judgment by registered or certified mail
23 upon the department within one year of the date of entry of such
24 judgment. Upon the receipt of service of such certified copy the
25 department shall pay or order paid from the deposit, through the
26 registry of the superior court which rendered judgment, towards the
27 amount of the unsatisfied judgment. The priority of payment by the
28 department shall be the order of receipt by the department, but the
29 department shall have no liability for payment in excess of the
30 amount of the deposit.

31 (10) Within (~~ten~~) 10 days after resolution of the case, a
32 certified copy of the final judgment and order, or any settlement
33 documents where a case is not disposed of by a court trial, a
34 certified copy of the dispositive settlement documents must be
35 provided to the department by the prevailing party. Failure to
36 provide a copy of the final judgment and order or the dispositive
37 settlement documents to the department within (~~ten~~) 10 days of
38 entry of such an order constitutes a violation of this chapter and a
39 penalty adopted by rule of not less than (~~two hundred fifty~~
40 ~~dollars~~) \$250 may be assessed against the prevailing party.

1 (11) The director may require an applicant applying to renew or
2 reinstate a registration or applying for a new registration to file a
3 bond of up to three times the normally required amount, if the
4 director determines that an applicant, or a previous registration of
5 a corporate officer, owner, or partner of a current applicant, has
6 had in the past five years one final judgment in actions under this
7 chapter involving a residential single-family dwelling.

8 (12) The director may adopt rules necessary for the proper
9 administration of the security.

10 ~~((13) (a) The department must convene a work group no later than
11 August 1, 2019, to consider additional safeguards for consumers who
12 engage contractors. The department must provide staff support for the
13 work group and include in the work group: Department staff; large and
14 small contractors that primarily contract with residential
15 homeowners, those that build new and rehabilitate residences, and
16 other interested contractors; surety bond companies; realtors or
17 their representatives; workers and/or their representatives;
18 representatives from the consumer protection division of the office
19 of the attorney general; consumers and/or advocates representing
20 them; and local building officials.~~

21 ~~The work group shall submit a report with recommendations to the
22 department and, if applicable, the appropriate committees of the
23 legislature by June 30, 2020. The report must address whether:~~

24 ~~(i) Bond amounts are sufficient and appropriate to protect
25 consumers, workers, and suppliers and meet tax obligations;~~

26 ~~(ii) Additional criteria for contractors would provide a greater
27 level of protection;~~

28 ~~(iii) Strategies to discourage the transfer of a business to a
29 different entity for the purpose of evading penalties or judgments
30 under this chapter should be implemented;~~

31 ~~(iv) Any other registration requirements or options for consumer
32 recovery under this chapter should be changed to increase protections
33 for consumers; and~~

34 ~~(v) Incentives to adopt industry best practices would increase
35 consumer protections.~~

36 ~~(b) The work group must dissolve once the report is submitted.))~~

37 **Sec. 4.** RCW 18.27.340 and 1997 c 314 s 17 are each amended to
38 read as follows:

1 (1) Except as otherwise provided in subsection (3) of this
2 section, a contractor found to have committed an infraction under RCW
3 18.27.200 shall be assessed a monetary penalty of not less than (~~two~~
4 ~~hundred dollars~~) \$200 and not more than (~~five thousand dollars~~)
5 \$5,000.

6 (2) The director may waive collection in favor of payment of
7 restitution to a consumer complainant.

8 (3) A contractor found to have committed an infraction under RCW
9 18.27.200 for failure to register shall be assessed a fine of not
10 less than (~~one thousand dollars~~) \$1,200, nor more than (~~five~~
11 ~~thousand dollars~~) \$6,000. The director may reduce the penalty for
12 failure to register, but in no case below (~~five hundred dollars~~)
13 \$600, if the person becomes registered within (~~ten~~) 10 days of
14 receiving a notice of infraction and the notice of infraction is for
15 a first offense.

16 (4) Monetary penalties collected under this (~~chapter~~) section
17 shall be deposited in the (~~general fund~~) homeowner recovery account
18 under section 7 of this act.

19 **Sec. 5.** RCW 18.27.400 and 2017 3rd sp.s. c 11 s 1 are each
20 amended to read as follows:

21 All moneys, except fines and penalties, received or collected
22 under the terms of this chapter must be deposited into the
23 construction registration inspection account. All fines and penalties
24 received or collected under the terms of this chapter shall be
25 deposited in the (~~general fund~~) homeowner recovery account under
26 section 7 of this act.

27 NEW SECTION. **Sec. 6.** A new section is added to chapter 18.27
28 RCW to read as follows:

29 (1) Subject to the availability of funds appropriated for this
30 purpose, the homeowner recovery program is created and administered
31 by the department. The department shall have such rule-making
32 authority as the department deems necessary to administer the
33 program.

34 (2)(a) Beginning July 1, 2026, a claimant is eligible to recover
35 from the homeowner recovery program after making a claim, provided
36 that each of the following conditions is satisfied:

37 (i) The claimant has a final judgment in a court of competent
38 jurisdiction against a registered contractor for a claim brought

1 under RCW 18.27.040(3) on the claimant's primary residence. For
2 purposes of a claim brought on a multifamily dwelling consisting of
3 more than one unit, only the unit in which the claimant actually
4 resides is considered the claimant's primary residence;

5 (ii) The judgement specifies the actual damages suffered as a
6 consequence of such a claim;

7 (iii) The claimant has proceeded against any existing bond
8 covering the contractor;

9 (iv) The judgment has not been satisfied in full; and

10 (v) The claim for recovery under (b) of this subsection is made
11 within 90 days after the conclusion of any civil action based on the
12 act.

13 (b) The department shall provide for a form on its website for
14 claimants to apply for payment from the account in accordance with
15 this section. The department may determine by rule additional
16 documentation required to complete a claim.

17 (3) (a) The priority of payment for eligible claims must be by the
18 order of receipt by the department, subject to the limitations in
19 this subsection (3). Payment for an eligible claim must be to the
20 full extent of its eligibility, without proration, before
21 consideration of payment for a subsequent claim in the order of
22 receipt. Determinations regarding payments must be made by the
23 department in its sole discretion.

24 (b) Payment from the account is limited to actual damages awarded
25 in a final judgment, after recovery against the bond, for a claim
26 brought under RCW 18.27.040(3). Payment from the account for other
27 costs related to or pursuant to civil proceedings, such as attorneys'
28 fees, court costs, or punitive damages, is prohibited.

29 (c) Payment from the account may not exceed \$25,000 per
30 contractor per parcel, or the amount unpaid on the judgment,
31 whichever is less.

32 (d) (i) Total payments from the account for each fiscal year may
33 not exceed 20 percent of the account balance at the end of that
34 fiscal year.

35 (ii) The department must create and maintain a waitlist for any
36 eligible claims unpaid due to an insufficient account balance under
37 (d) (i) of this subsection. The waitlist must preserve the order of
38 receipt in accordance with (a) of this subsection. The department may
39 carry over a waitlist and authorize payments to eligible claims from
40 previous fiscal years.

1 (e) Upon any payment from the account to a claimant, the
2 department shall notify the contractor that a payment has been made
3 and shall include any additional information about how to reimburse
4 the account it deems necessary pursuant to subsection (5) of this
5 section.

6 (f) The department is not criminally or civilly liable and may
7 not have any penalty or cause of action of any nature arise against
8 it regarding the provision or lack of provision of funds for
9 reimbursement under this section.

10 (4)(a) At the time of payment from the account, the claimant
11 shall assign his or her right, title, and interest in any final
12 judgment to the department to the extent of such payment. The
13 department shall be subrogated to the right, title, and interest of
14 the claimant, and may pursue an insurer or other third party to
15 recover amounts paid from the account. Any amount subsequently
16 recovered on the judgment must be for the purpose of reimbursing the
17 account.

18 (b) A claimant in receipt of payment from the account pursuant to
19 this section is prohibited from pursuing collection, or authorizing
20 another entity to pursue collection on the claimant's behalf, of the
21 damages attributable to the same claims to the extent of such
22 payment.

23 (5)(a) The department may pursue reimbursement to the account
24 from the contractor for the amount paid from the account, as well as
25 interest on that amount, in accordance with rules adopted by the
26 department. The department may establish reimbursement payment plans
27 up to 36 months. Any payment plan longer than 12 months must assess
28 interest at a rate that is the prime rate plus two percent. The
29 department must deposit all moneys recovered in the account.

30 (b) Where a contractor defaults in payment of reimbursement,
31 collection of amounts will be handled pursuant to the procedures in
32 RCW 49.48.086.

33 (c) The department may suspend or revoke registration if any
34 payments that are missed.

35 (d) The department's duties with respect to obtaining
36 reimbursement from the contractor to the account are limited to those
37 specified within this subsection (5).

38 (6) Nothing contained herein limits the authority of the
39 department to take action against a contractor for a violation under
40 this chapter or the rules promulgated thereunder; nor does the

1 reimbursement in full of all obligations to the account by a
2 contractor effect any enforcement of a violation under this chapter
3 or the rules promulgated thereunder.

4 (7) The definitions in this subsection apply throughout this
5 section unless the context clearly requires otherwise.

6 (a) "Account" means the homeowner recovery account created in
7 section 7 of this act.

8 (b) "Claimant" means the owner of an owner-occupied residential
9 property in the state.

10 (c) "Residential property" means a single-family dwelling, or a
11 multifamily dwelling consisting of four or fewer units, but does not
12 include a condominium.

13 NEW SECTION. **Sec. 7.** A new section is added to chapter 18.27
14 RCW to read as follows:

15 The homeowner recovery account is created in the custody of the
16 state treasurer. All repayments under section 6 of this act, private
17 contributions, and other moneys transferred or directed to the
18 account must be deposited into the account. Expenditures from the
19 account may only be used for the homeowner recovery program to
20 satisfy unpaid judgments for eligible claims under section 6 of this
21 act. Administrative costs of the program may not be paid from the
22 account. Only the director or the director's designee may authorize
23 expenditures from the account. The account is subject to the
24 allotment procedures under chapter 43.88 RCW, but an appropriation is
25 not required for expenditures.

26 NEW SECTION. **Sec. 8.** A new section is added to chapter 18.27
27 RCW to read as follows:

28 (1) By December 1st of each year, the department must submit an
29 annual report to the appropriate committees of the legislature, in
30 accordance with RCW 43.01.036, on the total applications to and
31 payments made under the homeowner recovery program under section 6 of
32 this act and the status of the homeowner recovery account under
33 section 7 of this act. The department may include recommendations for
34 any changes to the program.

35 (2) This section expires December 31, 2030.

1 **Sec. 9.** RCW 43.79A.040 and 2022 c 244 s 3, 2022 c 206 s 8, 2022
2 c 183 s 16, and 2022 c 162 s 6 are each reenacted and amended to read
3 as follows:

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

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

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

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

23 (b) The following accounts and funds must receive their
24 proportionate share of earnings based upon each account's or fund's
25 average daily balance for the period: The 24/7 sobriety account, the
26 Washington promise scholarship account, the Gina Grant Bull memorial
27 legislative page scholarship account, the Rosa Franklin legislative
28 internship program scholarship account, the Washington advanced
29 college tuition payment program account, the Washington college
30 savings program account, the accessible communities account, the
31 Washington achieving a better life experience program account, the
32 Washington career and college pathways innovation challenge program
33 account, the community and technical college innovation account, the
34 agricultural local fund, the American Indian scholarship endowment
35 fund, the behavioral health loan repayment program account, the
36 foster care scholarship endowment fund, the foster care endowed
37 scholarship trust fund, the contract harvesting revolving account,
38 the Washington state combined fund drive account, the commemorative
39 works account, the county (~~enhanced~~) 911 excise tax account, the
40 county road administration board emergency loan account, the toll

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

1 mobile home park relocation fund, the natural resources deposit fund,
2 the Washington state health insurance pool account, the federal
3 forest revolving account, and the library operations account.

4 (c) The following accounts and funds must receive 80 percent of
5 their proportionate share of earnings based upon each account's or
6 fund's average daily balance for the period: The advance right-of-way
7 revolving fund, the advanced environmental mitigation revolving
8 account, the federal narcotics asset forfeitures account, the high
9 occupancy vehicle account, the local rail service assistance account,
10 and the miscellaneous transportation programs account.

11 (d) Any state agency that has independent authority over accounts
12 or funds not statutorily required to be held in the custody of the
13 state treasurer that deposits funds into a fund or account in the
14 custody of the state treasurer pursuant to an agreement with the
15 office of the state treasurer shall receive its proportionate share
16 of earnings based upon each account's or fund's average daily balance
17 for the period.

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

21 **Sec. 10.** RCW 51.44.190 and 2017 3rd sp.s. c 11 s 4 are each
22 amended to read as follows:

23 (1) The construction registration inspection account is created
24 in the state treasury. All moneys, except fines and penalties,
25 received or collected under the terms of chapters 18.27 and 70.87 RCW
26 and under the terms of RCW 43.22.335 through 43.22.430 and 43.22.432
27 through 43.22.495 must be deposited into the account. Moneys in the
28 account may only be spent after appropriation. Expenditures from the
29 account, not including moneys transferred to the general fund, may be
30 used only to carry out the purposes of chapters 18.27 and 70.87 RCW
31 and RCW 43.22.335 through 43.22.430 and 43.22.432 through 43.22.495.

32 (2) The department shall set the fees deposited in the account at
33 a level that generates revenue that is as near as practicable to the
34 amount of the appropriation to carry out the duties specified in this
35 section.

36 (3) (~~Until June 30, 2023, on~~) On the last working day of the
37 first month following each quarterly period, seven percent of all
38 revenues received into the account during the previous quarter from

1 licenses, permits, and registrations, net of refunds paid to
2 customers, must be transferred into the general fund.

3 NEW SECTION. **Sec. 11.** Sections 3 through 9 of this act take
4 effect July 1, 2024.

5 NEW SECTION. **Sec. 12.** Section 10 of this act is necessary for
6 the immediate preservation of the public peace, health, or safety, or
7 support of the state government and its existing public institutions,
8 and takes effect June 30, 2023.

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