

CERTIFICATION OF ENROLLMENT

ENGROSSED HOUSE BILL 1823

68th Legislature
2023 Regular Session

Passed by the House April 18, 2023
Yeas 57 Nays 40

**Speaker of the House of
Representatives**

Passed by the Senate April 12, 2023
Yeas 36 Nays 13

President of the Senate

Approved

Governor of the State of Washington

CERTIFICATE

I, Bernard Dean, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **ENGROSSED HOUSE BILL 1823** as passed by the House of Representatives and the Senate on the dates hereon set forth.

Chief Clerk

FILED

**Secretary of State
State of Washington**

ENGROSSED HOUSE BILL 1823

AS AMENDED BY THE SENATE

Passed Legislature - 2023 Regular Session

State of Washington 68th Legislature 2023 Regular Session

By Representatives Timmons, Slatter, and Ramel

Read first time 02/13/23. Referred to Committee on Postsecondary Education & Workforce.

1 AN ACT Relating to the Washington student loan program; amending
2 RCW 28B.93.005, 28B.93.010, 28B.93.020, 28B.93.030, 28B.93.040,
3 28B.93.050, 28B.93.060, 43.84.092, and 43.84.092; reenacting and
4 amending RCW 43.79A.040; providing an effective date; and providing
5 an expiration date.

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

7 **Sec. 1.** RCW 28B.93.005 and 2022 c 206 s 1 are each amended to
8 read as follows:

9 (1) The legislature finds that college students continue to
10 borrow in order to fund their higher education, despite an increase
11 in access to state financial aid. In Washington state, estimates for
12 the number of borrowers carrying student loan debt are around 800,000
13 with an average balance around \$33,500, resulting in a total
14 outstanding balance of \$29.4 billion. Student loan debt outpaces
15 other sources of consumer debt, such as credit card and vehicle debt.
16 While research shows that earning a postsecondary credential
17 positively impacts a person's earning potential, high student loan
18 debt erodes much of this benefit.

19 (2) The legislature recognizes that people with student loan debt
20 are less likely to get married and start a family, establish small
21 businesses, and buy homes. High student loan debt negatively impacts

1 a person's credit score and their debt-to-income ratio, which impacts
2 their ability to qualify for a mortgage. However, student loan debt
3 does not impact all borrowers the same.

4 (3) Student loan borrowers who struggle the most are typically
5 lower income, first generation, and students of color. Data from the
6 national center for education statistics of a 12-year longitudinal
7 study based on students who began their education in the 2003-04
8 academic year found the following for students who defaulted: Almost
9 90 percent had received a Pell grant at one point; 70 percent were
10 first generation college students; 40 percent were in the bottom
11 quarter of income distribution; and 30 percent were African American.

12 (4) The legislature recognizes though that student loans are
13 beneficial for students who have no other way to pay for college or
14 have expenses beyond tuition and fees. Student loans can open up
15 postsecondary education opportunities for many and help boost the
16 state's economy by increasing the number of qualified graduates to
17 fulfill workforce shortages. However, the legislature finds that high
18 interest rates that accumulate while the student is in college
19 negatively impact the student's ability to prosper financially and
20 contribute to the state's economy after graduation. The legislature
21 also recognizes that there is very little financial aid available to
22 assist students pursuing graduate studies, despite the state's high
23 demand for qualified professionals in fields with workforce shortages
24 such as behavioral health, nursing, software development, teaching,
25 and more. Therefore, the legislature intends to support students
26 pursuing higher education by establishing a state student loan
27 program that is more affordable than direct federal student loans and
28 private loans. The legislature intends to offer student loans to
29 state residents with financial need who are pursuing (~~undergraduate~~
30 ~~and~~) high-demand graduate studies at a subsidized(~~(, one percent)~~)
31 interest rate not to exceed 2.5 percent. The legislature intends for
32 the Washington state student loan program to align with the
33 Washington college grant program, recognizing that student loans are
34 secondary forms of financial aid that often cover expenses beyond
35 tuition. (~~Based on the feasibility of the state student loan program~~
36 ~~recommendations developed by the Washington student achievement~~
37 ~~council, in consultation with the Washington state investment board,~~
38 ~~and the office of the state treasurer, the legislature intends to~~
39 ~~finance the Washington state student loan program with a one-time~~
40 ~~\$150,000,000 appropriation to cover annual student loan originations~~

1 ~~and expenses until repayments are substantial enough to support the~~
2 ~~program on an ongoing basis.))~~

3 **Sec. 2.** RCW 28B.93.010 and 2022 c 206 s 2 are each amended to
4 read as follows:

5 The definitions in this section apply throughout this chapter
6 unless the context clearly requires otherwise.

7 (1) "Borrower" means an eligible student who has received a
8 student loan under the Washington student loan program.

9 (2) "Eligible expenses" means reasonable expenses associated with
10 the costs of acquiring a postsecondary education such as tuition,
11 fees, books, equipment, room and board, and other expenses as
12 determined by the office.

13 (3) "Eligible graduate program" means an advanced academic degree
14 in a specialized field of study that has a workforce shortage or is
15 considered high demand including, but not limited to, professions in
16 health care, behavioral and mental health, early education, K-12,
17 higher education, law enforcement, public safety, and others, as
18 determined by the office.

19 (4) "Eligible student" means a student who:

20 (a) Meets the definition of "resident student" under RCW
21 28B.15.012(2) (a) through (e);

22 (b) Has a median family income of 100 percent or less of the
23 state median family income;

24 (c) Is enrolled in an institution of higher education in an
25 eligible (~~undergraduate or~~) graduate program on at least a half-
26 time basis; and

27 (d) Has completed an annual application for financial aid as
28 approved by the office.

29 (~~("Eligible undergraduate program" means a postsecondary~~
30 ~~education program that leads to a certificate, associate's degree, or~~
31 ~~bachelor's degree.~~

32 ~~(6))~~ "Gift aid" means federal, state, institutional, or private
33 financial aid provided for educational purposes with no obligation of
34 repayment. "Gift aid" does not include student loans or work-study
35 programs.

36 ~~((7))~~ (6) "Institutions of higher education" includes
37 institutions of higher education authorized to participate in state
38 financial aid programs in accordance with chapter 28B.92 RCW.

1 ~~((+8))~~ (7) "Office" means the office of student financial
2 assistance established under chapter 28B.76 RCW.

3 ~~((+9))~~ (8) "Program" means the Washington student loan program.

4 ~~((+10))~~ (9) "Student loan" means a loan that is approved by the
5 office and awarded to an eligible student to pay for eligible
6 expenses.

7 **Sec. 3.** RCW 28B.93.020 and 2022 c 206 s 3 are each amended to
8 read as follows:

9 (1) The Washington student achievement council, in consultation
10 with the office of the state treasurer and the state investment
11 board~~((+7,+))~~, shall design a student loan program to assist students
12 who need additional financial support to obtain postsecondary
13 education.

14 (2) At a minimum, the program design must make recommendations
15 about the following features of a state student loan program and
16 implementation plan:

17 (a) A low interest rate that is below current federal subsidized
18 student loan interest rates~~((, with one option being a one))~~ not to
19 exceed 2.5 percent ~~((interest rate))~~;

20 (b) ~~((The distribution of loans between graduate students and~~
21 ~~undergraduate students;~~

22 ~~((e))~~ The terms of the loans, including:

23 (i) Loan limits not to exceed \$20,000 annually per borrower;

24 (ii) Grace periods, including grace periods for active duty
25 members of the national guard who may lose eligibility when being
26 called up for active duty; and

27 (iii) Minimum postsecondary enrollment standards;

28 ~~((+d))~~ (c) The terms and administration of a repayment program,
29 including:

30 (i) Repayment options such as standard loan repayment contracts
31 and the length of the repayment contracts, which shall not exceed 25
32 years;

33 (ii) Income-based repayment plans; and

34 (iii) Terms of loan forgiveness;

35 ~~((+e))~~ (d) The types and characteristics of borrowers permitted
36 to participate in the program including family income, degree and
37 credential types, and other borrower characteristics. The program
38 must prioritize low-income borrowers; and

39 ~~((+f))~~ (e) The design and administration of an appeals process.

1 (3) In the design of the program, the Washington student
2 achievement council may recommend contracting with one or more state-
3 based financial institutions regulated by either chapter 31.12 or
4 30A.04 RCW to provide loan origination and may contract with a third-
5 party entity to provide loan servicing for the program. The
6 Washington student achievement council must use an open and
7 competitive bid process in the selection of one or more (~~state-~~
8 ~~based~~) financial institutions for loan origination and servicing for
9 the program. A third-party entity providing loan servicing shall
10 comply with all of the requirements for student education loan
11 servicers under chapter 31.04 RCW.

12 (4) The Washington student achievement council (~~shall contract~~
13 ~~with an independent actuary to conduct an analysis on the~~
14 ~~sustainability of the program design, including the ability of the~~
15 ~~program to operate as self-sustaining if issuing one percent interest~~
16 ~~rate loans~~) may retain a consultant to design a loan program,
17 including one or more financial advisors, to provide consultation on
18 the sustainability of the loan program.

19 (5) The Washington student achievement council shall provide a
20 report on the design, sustainability, and implementation plan for the
21 program to the governor and the higher education committees of the
22 legislature by December 1, (~~(2022)~~) 2023, in accordance with RCW
23 43.01.036.

24 **Sec. 4.** RCW 28B.93.030 and 2022 c 206 s 4 are each amended to
25 read as follows:

26 (1) The Washington student loan program is created to assist
27 students who need additional financial support to obtain
28 postsecondary education. Beginning in the (~~(2024-25)~~) 2025-26
29 academic year, the office may award student loans under the program
30 to eligible students from the funds available in RCW 28B.93.060.

31 (2) The program shall be administered by the office. To the
32 extent practicable, the program design must include the
33 recommendations for program design as provided in the report required
34 under RCW 28B.93.020 (~~(. Student loans shall not be issued unless the~~
35 ~~program design recommended in RCW 28B.93.020 is forecasted by an~~
36 ~~independent actuary to be self-sustaining and the interest rates for~~
37 ~~the loans issued under the program do not exceed one percent)~~),
38 including that the Washington student loan account have a minimum

1 life cycle of seven years and that loans issued under the program do
2 not exceed 2.5 percent.

3 (3) The office is responsible for providing administrative
4 support to execute the duties and responsibilities provided in this
5 chapter. The duties and responsibilities include:

6 (a) Ensure institutions of higher education have a policy for
7 awarding student loans under the program that prioritizes funding for
8 eligible students who have greater unmet financial need, are lowest
9 income, are first generation college students, ~~((and))~~ are
10 demographically underrepresented, do not qualify for federally funded
11 student financial aid, or who have received loans under the program
12 in prior years;

13 (b) Issue low-interest student loans not to exceed 2.5 percent,
14 of which interest accrues during all periods except when enrolled in
15 an eligible graduate degree program;

16 (c) Define the terms of repayment, which shall not exceed 25
17 years in length unless provided for under (f) of this subsection;

18 (d) Collect and manage repayments from borrowers;

19 (e) Establish an appeals process;

20 (f) Exercise discretion to revise repayment obligations in
21 certain cases, such as economic hardship or disability;

22 (g) Publicize the program; and

23 (h) Adopt necessary rules.

24 (4) The office is responsible for establishing and administering
25 an appeals process that resolves appeals from borrowers within ninety
26 days of receipt.

27 **Sec. 5.** RCW 28B.93.040 and 2022 c 206 s 5 are each amended to
28 read as follows:

29 The office ~~((shall))~~ may contract with one or more state-based
30 financial institutions regulated by either chapter 31.12 RCW or
31 chapter 30A.04 RCW to provide loan origination and may contract with
32 a third-party entity to provide loan servicing for the program. A
33 third-party entity providing loan servicing shall comply with all of
34 the requirements for student education loan servicers under chapter
35 31.04 RCW.

36 **Sec. 6.** RCW 28B.93.050 and 2022 c 206 s 6 are each amended to
37 read as follows:

1 (1) The office shall collect data on the program in collaboration
2 with the institutions of higher education. The data must include, but
3 is not limited to:

4 (a) The number of eligible students who were awarded a student
5 loan;

6 (b) The number of borrowers;

7 (c) The average borrowed annual and total balances;

8 (d) Borrower demographics;

9 (e) The institutions of higher education and educational fields
10 of borrowers; ~~((and))~~

11 (f) Postgraduation employment data;

12 (g) Time to degree completion; and

13 (h) Repayment statistics, including:

14 (i) The number of borrowers in active repayment, deferment,
15 delinquency, forbearance, and default;

16 (ii) The average time it took for borrowers to enter delinquency
17 and default;

18 (iii) Demographic and educational data of borrowers enrolled in
19 the income-based repayment plan option;

20 (iv) Demographic and educational data of borrowers in different
21 repayment statuses, including delinquency and default; and

22 (v) Information about what happened to borrowers who defaulted.

23 (2) Beginning December 1, ~~((2026))~~ 2027, and in compliance with
24 RCW 43.01.036, the office must submit an annual report on the data
25 collected under subsection (1) of this section and any other relevant
26 information regarding the program to the higher education committees
27 of the legislature.

28 **Sec. 7.** RCW 28B.93.060 and 2022 c 206 s 7 are each amended to
29 read as follows:

30 (1) The Washington student loan account is created in the
31 ~~((custody of the state treasurer))~~ state treasury. All receipts from
32 the Washington student loan program must be deposited in the account.
33 Expenditures from the account may be used only for administration and
34 the issuance of new student loans. ~~((Only the executive director of
35 the Washington student achievement council or the executive
36 director's designee may authorize expenditures from the account. The
37 account is subject to the allotment procedures under chapter 43.88
38 RCW, moneys))~~ Moneys in the account may be spent only after
39 appropriation.

1 (2) (a) The legislature may appropriate no more than a total of
2 \$40,000,000 for the program during four consecutive fiscal years,
3 beginning with the first fiscal year from which loans are issued from
4 the account. In the fifth fiscal year following the fiscal year in
5 which the first student loan was issued, the legislature may
6 appropriate up to \$10,000,000 for the program.

7 (b) The legislature may appropriate moneys from the account for
8 the administrative and implementation costs of the program in the
9 fiscal years prior to the first fiscal year in which loans are issued
10 from the account.

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

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

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

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

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

33 (b) The following accounts and funds must receive their
34 proportionate share of earnings based upon each account's or fund's
35 average daily balance for the period: The 24/7 sobriety account, the
36 Washington promise scholarship account, the Gina Grant Bull memorial
37 legislative page scholarship account, the Rosa Franklin legislative
38 internship program scholarship account, the Washington advanced
39 college tuition payment program account, the Washington college

1 savings program account, the accessible communities account, the
2 Washington achieving a better life experience program account, the
3 Washington career and college pathways innovation challenge program
4 account, the community and technical college innovation account, the
5 agricultural local fund, the American Indian scholarship endowment
6 fund, the behavioral health loan repayment program account, the
7 foster care scholarship endowment fund, the foster care endowed
8 scholarship trust fund, the contract harvesting revolving account,
9 the Washington state combined fund drive account, the commemorative
10 works account, the county enhanced 911 excise tax account, the county
11 road administration board emergency loan account, the toll collection
12 account, the developmental disabilities endowment trust fund, the
13 energy account, the energy facility site evaluation council account,
14 the fair fund, the family and medical leave insurance account, the
15 fish and wildlife federal lands revolving account, the natural
16 resources federal lands revolving account, the food animal
17 veterinarian conditional scholarship account, the forest health
18 revolving account, the fruit and vegetable inspection account, the
19 educator conditional scholarship account, the game farm alternative
20 account, the GET ready for math and science scholarship account, the
21 Washington global health technologies and product development
22 account, the grain inspection revolving fund, the Washington history
23 day account, the industrial insurance rainy day fund, the juvenile
24 accountability incentive account, the law enforcement officers' and
25 firefighters' plan 2 expense fund, the local tourism promotion
26 account, the low-income home rehabilitation revolving loan program
27 account, the multiagency permitting team account, the northeast
28 Washington wolf-livestock management account, the produce railcar
29 pool account, the public use general aviation airport loan revolving
30 account, the regional transportation investment district account, the
31 rural rehabilitation account, the Washington sexual assault kit
32 account, the stadium and exhibition center account, the youth
33 athletic facility account, the self-insurance revolving fund, the
34 children's trust fund, the Washington horse racing commission
35 Washington bred owners' bonus fund and breeder awards account, the
36 Washington horse racing commission class C purse fund account, the
37 individual development account program account, the Washington horse
38 racing commission operating account, the life sciences discovery
39 fund, the Washington state library-archives building account, the
40 reduced cigarette ignition propensity account, the center for deaf

1 and hard of hearing youth account, the school for the blind account,
2 the Millersylvania park trust fund, the public employees' and
3 retirees' insurance reserve fund, the school employees' benefits
4 board insurance reserve fund, the public employees' and retirees'
5 insurance account, the school employees' insurance account, the long-
6 term services and supports trust account, the radiation perpetual
7 maintenance fund, the Indian health improvement reinvestment account,
8 the department of licensing tuition recovery trust fund, the student
9 achievement council tuition recovery trust fund, the tuition recovery
10 trust fund, (~~the Washington student loan account,~~) the industrial
11 insurance premium refund account, the mobile home park relocation
12 fund, the natural resources deposit fund, the Washington state health
13 insurance pool account, the federal forest revolving account, and the
14 library operations account.

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

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

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

32 **Sec. 9.** RCW 43.84.092 and 2022 c 182 s 403 are each amended to
33 read as follows:

34 (1) All earnings of investments of surplus balances in the state
35 treasury shall be deposited to the treasury income account, which
36 account is hereby established in the state treasury.

37 (2) The treasury income account shall be utilized to pay or
38 receive funds associated with federal programs as required by the
39 federal cash management improvement act of 1990. The treasury income

1 account is subject in all respects to chapter 43.88 RCW, but no
2 appropriation is required for refunds or allocations of interest
3 earnings required by the cash management improvement act. Refunds of
4 interest to the federal treasury required under the cash management
5 improvement act fall under RCW 43.88.180 and shall not require
6 appropriation. The office of financial management shall determine the
7 amounts due to or from the federal government pursuant to the cash
8 management improvement act. The office of financial management may
9 direct transfers of funds between accounts as deemed necessary to
10 implement the provisions of the cash management improvement act, and
11 this subsection. Refunds or allocations shall occur prior to the
12 distributions of earnings set forth in subsection (4) of this
13 section.

14 (3) Except for the provisions of RCW 43.84.160, the treasury
15 income account may be utilized for the payment of purchased banking
16 services on behalf of treasury funds including, but not limited to,
17 depository, safekeeping, and disbursement functions for the state
18 treasury and affected state agencies. The treasury income account is
19 subject in all respects to chapter 43.88 RCW, but no appropriation is
20 required for payments to financial institutions. Payments shall occur
21 prior to distribution of earnings set forth in subsection (4) of this
22 section.

23 (4) Monthly, the state treasurer shall distribute the earnings
24 credited to the treasury income account. The state treasurer shall
25 credit the general fund with all the earnings credited to the
26 treasury income account except:

27 (a) The following accounts and funds shall receive their
28 proportionate share of earnings based upon each account's and fund's
29 average daily balance for the period: The abandoned recreational
30 vehicle disposal account, the aeronautics account, the Alaskan Way
31 viaduct replacement project account, the ambulance transport fund,
32 the brownfield redevelopment trust fund account, the budget
33 stabilization account, the capital vessel replacement account, the
34 capitol building construction account, the Central Washington
35 University capital projects account, the charitable, educational,
36 penal and reformatory institutions account, the Chehalis basin
37 account, the Chehalis basin taxable account, the cleanup settlement
38 account, the climate active transportation account, the climate
39 transit programs account, the Columbia river basin water supply
40 development account, the Columbia river basin taxable bond water

1 supply development account, the Columbia river basin water supply
2 revenue recovery account, the common school construction fund, the
3 community forest trust account, the connecting Washington account,
4 the county arterial preservation account, the county criminal justice
5 assistance account, the deferred compensation administrative account,
6 the deferred compensation principal account, the department of
7 licensing services account, the department of retirement systems
8 expense account, the developmental disabilities community services
9 account, the diesel idle reduction account, the drinking water
10 assistance account, the administrative subaccount of the drinking
11 water assistance account, the early learning facilities development
12 account, the early learning facilities revolving account, the Eastern
13 Washington University capital projects account, the education
14 construction fund, the education legacy trust account, the election
15 account, the electric vehicle account, the energy freedom account,
16 the energy recovery act account, the essential rail assistance
17 account, The Evergreen State College capital projects account, the
18 fair start for kids account, the ferry bond retirement fund, the
19 fish, wildlife, and conservation account, the freight mobility
20 investment account, the freight mobility multimodal account, the
21 grade crossing protective fund, the public health services account,
22 the state higher education construction account, the higher education
23 construction account, the higher education retirement plan
24 supplemental benefit fund, the Washington student loan account, the
25 highway bond retirement fund, the highway infrastructure account, the
26 highway safety fund, the hospital safety net assessment fund, the
27 Interstate 405 and state route number 167 express toll lanes account,
28 the judges' retirement account, the judicial retirement
29 administrative account, the judicial retirement principal account,
30 the limited fish and wildlife account, the local leasehold excise tax
31 account, the local real estate excise tax account, the local sales
32 and use tax account, the marine resources stewardship trust account,
33 the medical aid account, the money-purchase retirement savings
34 administrative account, the money-purchase retirement savings
35 principal account, the motor vehicle fund, the motorcycle safety
36 education account, the move ahead WA account, the move ahead WA
37 flexible account, the multimodal transportation account, the multiuse
38 roadway safety account, the municipal criminal justice assistance
39 account, the oyster reserve land account, the pension funding
40 stabilization account, the perpetual surveillance and maintenance

1 account, the pilotage account, the pollution liability insurance
2 agency underground storage tank revolving account, the public
3 employees' retirement system plan 1 account, the public employees'
4 retirement system combined plan 2 and plan 3 account, the public
5 facilities construction loan revolving account, the public health
6 supplemental account, the public works assistance account, the Puget
7 Sound capital construction account, the Puget Sound ferry operations
8 account, the Puget Sound Gateway facility account, the Puget Sound
9 taxpayer accountability account, the real estate appraiser commission
10 account, the recreational vehicle account, the regional mobility
11 grant program account, the resource management cost account, the
12 rural arterial trust account, the rural mobility grant program
13 account, the rural Washington loan fund, the sexual assault
14 prevention and response account, the site closure account, the
15 skilled nursing facility safety net trust fund, the small city
16 pavement and sidewalk account, the special category C account, the
17 special wildlife account, the state investment board expense account,
18 the state investment board commingled trust fund accounts, the state
19 patrol highway account, the state reclamation revolving account, the
20 state route number 520 civil penalties account, the state route
21 number 520 corridor account, the statewide broadband account, the
22 statewide tourism marketing account, the supplemental pension
23 account, the Tacoma Narrows toll bridge account, the teachers'
24 retirement system plan 1 account, the teachers' retirement system
25 combined plan 2 and plan 3 account, the tobacco prevention and
26 control account, the tobacco settlement account, the toll facility
27 bond retirement account, the transportation 2003 account (nickel
28 account), the transportation equipment fund, the transportation
29 future funding program account, the transportation improvement
30 account, the transportation improvement board bond retirement
31 account, the transportation infrastructure account, the
32 transportation partnership account, the traumatic brain injury
33 account, the University of Washington bond retirement fund, the
34 University of Washington building account, the voluntary cleanup
35 account, the volunteer firefighters' and reserve officers' relief and
36 pension principal fund, the volunteer firefighters' and reserve
37 officers' administrative fund, the vulnerable roadway user education
38 account, the Washington judicial retirement system account, the
39 Washington law enforcement officers' and firefighters' system plan 1
40 retirement account, the Washington law enforcement officers' and

1 firefighters' system plan 2 retirement account, the Washington public
2 safety employees' plan 2 retirement account, the Washington school
3 employees' retirement system combined plan 2 and 3 account, the
4 Washington state patrol retirement account, the Washington State
5 University building account, the Washington State University bond
6 retirement fund, the water pollution control revolving administration
7 account, the water pollution control revolving fund, the Western
8 Washington University capital projects account, the Yakima integrated
9 plan implementation account, the Yakima integrated plan
10 implementation revenue recovery account, and the Yakima integrated
11 plan implementation taxable bond account. Earnings derived from
12 investing balances of the agricultural permanent fund, the normal
13 school permanent fund, the permanent common school fund, the
14 scientific permanent fund, and the state university permanent fund
15 shall be allocated to their respective beneficiary accounts.

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

22 (5) In conformance with Article II, section 37 of the state
23 Constitution, no treasury accounts or funds shall be allocated
24 earnings without the specific affirmative directive of this section.

25 **Sec. 10.** RCW 43.84.092 and 2022 c 182 s 404 are each amended to
26 read as follows:

27 (1) All earnings of investments of surplus balances in the state
28 treasury shall be deposited to the treasury income account, which
29 account is hereby established in the state treasury.

30 (2) The treasury income account shall be utilized to pay or
31 receive funds associated with federal programs as required by the
32 federal cash management improvement act of 1990. The treasury income
33 account is subject in all respects to chapter 43.88 RCW, but no
34 appropriation is required for refunds or allocations of interest
35 earnings required by the cash management improvement act. Refunds of
36 interest to the federal treasury required under the cash management
37 improvement act fall under RCW 43.88.180 and shall not require
38 appropriation. The office of financial management shall determine the
39 amounts due to or from the federal government pursuant to the cash

1 management improvement act. The office of financial management may
2 direct transfers of funds between accounts as deemed necessary to
3 implement the provisions of the cash management improvement act, and
4 this subsection. Refunds or allocations shall occur prior to the
5 distributions of earnings set forth in subsection (4) of this
6 section.

7 (3) Except for the provisions of RCW 43.84.160, the treasury
8 income account may be utilized for the payment of purchased banking
9 services on behalf of treasury funds including, but not limited to,
10 depository, safekeeping, and disbursement functions for the state
11 treasury and affected state agencies. The treasury income account is
12 subject in all respects to chapter 43.88 RCW, but no appropriation is
13 required for payments to financial institutions. Payments shall occur
14 prior to distribution of earnings set forth in subsection (4) of this
15 section.

16 (4) Monthly, the state treasurer shall distribute the earnings
17 credited to the treasury income account. The state treasurer shall
18 credit the general fund with all the earnings credited to the
19 treasury income account except:

20 (a) The following accounts and funds shall receive their
21 proportionate share of earnings based upon each account's and fund's
22 average daily balance for the period: The abandoned recreational
23 vehicle disposal account, the aeronautics account, the Alaskan Way
24 viaduct replacement project account, the brownfield redevelopment
25 trust fund account, the budget stabilization account, the capital
26 vessel replacement account, the capitol building construction
27 account, the Central Washington University capital projects account,
28 the charitable, educational, penal and reformatory institutions
29 account, the Chehalis basin account, the Chehalis basin taxable
30 account, the cleanup settlement account, the climate active
31 transportation account, the climate transit programs account, the
32 Columbia river basin water supply development account, the Columbia
33 river basin taxable bond water supply development account, the
34 Columbia river basin water supply revenue recovery account, the
35 common school construction fund, the community forest trust account,
36 the connecting Washington account, the county arterial preservation
37 account, the county criminal justice assistance account, the deferred
38 compensation administrative account, the deferred compensation
39 principal account, the department of licensing services account, the
40 department of retirement systems expense account, the developmental

1 disabilities community services account, the diesel idle reduction
2 account, the drinking water assistance account, the administrative
3 subaccount of the drinking water assistance account, the early
4 learning facilities development account, the early learning
5 facilities revolving account, the Eastern Washington University
6 capital projects account, the education construction fund, the
7 education legacy trust account, the election account, the electric
8 vehicle account, the energy freedom account, the energy recovery act
9 account, the essential rail assistance account, The Evergreen State
10 College capital projects account, the fair start for kids account,
11 the ferry bond retirement fund, the fish, wildlife, and conservation
12 account, the freight mobility investment account, the freight
13 mobility multimodal account, the grade crossing protective fund, the
14 public health services account, the state higher education
15 construction account, the higher education construction account, the
16 higher education retirement plan supplemental benefit fund, the
17 Washington student loan account, the highway bond retirement fund,
18 the highway infrastructure account, the highway safety fund, the
19 hospital safety net assessment fund, the Interstate 405 and state
20 route number 167 express toll lanes account, the judges' retirement
21 account, the judicial retirement administrative account, the judicial
22 retirement principal account, the limited fish and wildlife account,
23 the local leasehold excise tax account, the local real estate excise
24 tax account, the local sales and use tax account, the marine
25 resources stewardship trust account, the medical aid account, the
26 money-purchase retirement savings administrative account, the money-
27 purchase retirement savings principal account, the motor vehicle
28 fund, the motorcycle safety education account, the move ahead WA
29 account, the move ahead WA flexible account, the multimodal
30 transportation account, the multiuse roadway safety account, the
31 municipal criminal justice assistance account, the oyster reserve
32 land account, the pension funding stabilization account, the
33 perpetual surveillance and maintenance account, the pilotage account,
34 the pollution liability insurance agency underground storage tank
35 revolving account, the public employees' retirement system plan 1
36 account, the public employees' retirement system combined plan 2 and
37 plan 3 account, the public facilities construction loan revolving
38 account, the public health supplemental account, the public works
39 assistance account, the Puget Sound capital construction account, the
40 Puget Sound ferry operations account, the Puget Sound Gateway

1 facility account, the Puget Sound taxpayer accountability account,
2 the real estate appraiser commission account, the recreational
3 vehicle account, the regional mobility grant program account, the
4 resource management cost account, the rural arterial trust account,
5 the rural mobility grant program account, the rural Washington loan
6 fund, the sexual assault prevention and response account, the site
7 closure account, the skilled nursing facility safety net trust fund,
8 the small city pavement and sidewalk account, the special category C
9 account, the special wildlife account, the state investment board
10 expense account, the state investment board commingled trust fund
11 accounts, the state patrol highway account, the state reclamation
12 revolving account, the state route number 520 civil penalties
13 account, the state route number 520 corridor account, the statewide
14 broadband account, the statewide tourism marketing account, the
15 supplemental pension account, the Tacoma Narrows toll bridge account,
16 the teachers' retirement system plan 1 account, the teachers'
17 retirement system combined plan 2 and plan 3 account, the tobacco
18 prevention and control account, the tobacco settlement account, the
19 toll facility bond retirement account, the transportation 2003
20 account (nickel account), the transportation equipment fund, the
21 transportation future funding program account, the transportation
22 improvement account, the transportation improvement board bond
23 retirement account, the transportation infrastructure account, the
24 transportation partnership account, the traumatic brain injury
25 account, the University of Washington bond retirement fund, the
26 University of Washington building account, the voluntary cleanup
27 account, the volunteer firefighters' and reserve officers' relief and
28 pension principal fund, the volunteer firefighters' and reserve
29 officers' administrative fund, the vulnerable roadway user education
30 account, the Washington judicial retirement system account, the
31 Washington law enforcement officers' and firefighters' system plan 1
32 retirement account, the Washington law enforcement officers' and
33 firefighters' system plan 2 retirement account, the Washington public
34 safety employees' plan 2 retirement account, the Washington school
35 employees' retirement system combined plan 2 and 3 account, the
36 Washington state patrol retirement account, the Washington State
37 University building account, the Washington State University bond
38 retirement fund, the water pollution control revolving administration
39 account, the water pollution control revolving fund, the Western
40 Washington University capital projects account, the Yakima integrated

1 plan implementation account, the Yakima integrated plan
2 implementation revenue recovery account, and the Yakima integrated
3 plan implementation taxable bond account. Earnings derived from
4 investing balances of the agricultural permanent fund, the normal
5 school permanent fund, the permanent common school fund, the
6 scientific permanent fund, and the state university permanent fund
7 shall be allocated to their respective beneficiary accounts.

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

14 (5) In conformance with Article II, section 37 of the state
15 Constitution, no treasury accounts or funds shall be allocated
16 earnings without the specific affirmative directive of this section.

17 NEW SECTION. **Sec. 11.** Section 9 of this act expires July 1,
18 2024.

19 NEW SECTION. **Sec. 12.** Section 10 of this act takes effect July
20 1, 2024.

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