
SUBSTITUTE HOUSE BILL 1534

State of Washington

68th Legislature

2023 Regular Session

By House Labor & Workplace Standards (originally sponsored by Representatives Orwall, Berry, and Fosse)

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 an applicant operating with all or part of
23 the assets of another entity previously registered under this
24 chapter, where the applicant is under substantially common ownership,
25 management, or control of the other entity.

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

34 (~~(15)~~) (16) "Unsatisfied final judgment" means a judgment or
35 final tax warrant that has not been satisfied either through payment,
36 court approved settlement, discharge in bankruptcy, or assignment
37 under RCW 19.72.070.

38 (~~(16)~~) (17) "Verification" means the receipt and duplication by
39 the city, town, or county of a contractor registration card that is
40 current on its face, checking the department's contractor

1 registration database, or calling the department to confirm that the
2 contractor is registered.

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

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

9 (a) Employer social security number or individual taxpayer
10 identification 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 an entity with an unsatisfied final judgment against
20 it in an action that was incurred for work performed subject to this
21 chapter or owes the department money for penalties assessed or fees
22 due under this chapter as a result of a final judgment, except as
23 provided under (d) of this subsection (3); (iv) the applicant does
24 not have a valid unified business identifier number; (~~(iv)~~) (v) the
25 department determines that the applicant has falsified information on
26 the application, unless the error was inadvertent; (~~(v)~~) (vi)
27 the applicant does not have an active and valid certificate of
28 registration with the department of revenue; or (vii) the applicant
29 is under 18 years old at the time of 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 (d) For the purposes of (a)(iii) of this subsection (3), it is
9 presumed that an applicant knew or should have known of the relevant
10 unsatisfied final judgment. If an applicant demonstrates by a
11 preponderance of the evidence that the applicant did not know of the
12 unsatisfied final judgment, by having exercised due diligence and
13 timely verifying with the department that the other contractor was in
14 good standing, then the department may grant the application for
15 registration under this section, provided that the applicant meets
16 applicable requirements under this chapter. The department shall
17 adopt rules for the purposes of implementing this subsection (3)(d).

18 (4) The department shall not deny an application or suspend a
19 registration because of an unsatisfied final judgment if the
20 applicant's or registrant's unsatisfied final judgment was determined
21 by the director to be the result of the fraud or negligence of
22 another party, unless the applicant or registrant is a successor to
23 said party under subsection (3)(a)(iii) of this section.

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

26 (1) Each applicant shall file with the department a surety bond
27 issued by a surety insurer who meets the requirements of chapter
28 48.28 RCW in the sum of (~~twelve thousand dollars~~) \$30,000 if the
29 applicant is a general contractor (~~and six thousand dollars~~) or
30 \$15,000 if the applicant is a specialty contractor. If no valid bond
31 is already on file with the department at the time the application is
32 filed, a bond must accompany the registration application. The bond
33 shall have the state of Washington named as obligee with good and
34 sufficient surety in a form to be approved by the department. The
35 bond shall be continuous and may be canceled by the surety upon the
36 surety giving written notice to the director. A cancellation or
37 revocation of the bond or withdrawal of the surety from the bond
38 automatically suspends the registration issued to the contractor
39 until a new bond or reinstatement notice has been filed and approved

1 as provided in this section. The bond shall be conditioned that the
2 applicant will pay all persons performing labor, including employee
3 benefits, for the contractor, will pay all taxes and contributions
4 due to the state of Washington, and will pay all persons furnishing
5 material or renting or supplying equipment to the contractor and will
6 pay all amounts that may be adjudged against the contractor by reason
7 of breach of contract including improper work in the conduct of the
8 contracting business. A change in the name of a business or a change
9 in the type of business entity shall not impair a bond for the
10 purposes of this section so long as one of the original applicants
11 for such bond maintains partial ownership in the business covered by
12 the bond.

13 (2) At the time of initial registration or renewal, the
14 contractor shall provide a bond or other security deposit as required
15 by this chapter and comply with all of the other provisions of this
16 chapter before the department shall issue or renew the contractor's
17 certificate of registration. Any contractor registered as of (~~July~~
18 ~~1, 2001~~) June 30, 2024, who maintains that registration in
19 accordance with this chapter is in compliance with this chapter until
20 the next renewal of the contractor's certificate of registration.

21 (3) Any person, firm, or corporation having a claim against the
22 contractor for any of the items referred to in this section may bring
23 suit against the contractor and the bond or deposit in the superior
24 court of the county in which the work was done or of any county in
25 which jurisdiction of the contractor may be had. The surety issuing
26 the bond shall be named as a party to any suit upon the bond. Action
27 upon the bond or deposit brought by a residential homeowner for
28 breach of contract by a party to the construction contract shall be
29 commenced by filing the summons and complaint with the clerk of the
30 appropriate superior court within two years from the date the claimed
31 contract work was substantially completed or abandoned, whichever
32 occurred first. Action upon the bond or deposit brought by any other
33 authorized party shall be commenced by filing the summons and
34 complaint with the clerk of the appropriate superior court within one
35 year from the date the claimed labor was performed and benefits
36 accrued, taxes and contributions owing the state of Washington became
37 due, materials and equipment were furnished, or the claimed contract
38 work was substantially completed or abandoned, whichever occurred
39 first. Service of process in an action filed under this chapter
40 against the contractor and the contractor's bond or the deposit shall

1 be exclusively by service upon the department. Three copies of the
2 summons and complaint and a fee adopted by rule of not less than
3 (~~fifty dollars~~) \$50 to cover the costs shall be served by
4 registered or certified mail, or other delivery service requiring
5 notice of receipt, upon the department at the time suit is started
6 and the department shall maintain a record, available for public
7 inspection, of all suits so commenced. Service is not complete until
8 the department receives the fee and three copies of the summons and
9 complaint. The service shall constitute service and confer personal
10 jurisdiction on the contractor and the surety for suit on claimant's
11 claim against the contractor and the bond or deposit and the
12 department shall transmit the summons and complaint or a copy thereof
13 to the contractor at the address listed in the contractor's
14 application and to the surety within two days after it shall have
15 been received.

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

31 (a) Employee labor and claims of laborers, including employee
32 benefits;

33 (b) Claims for breach of contract by a party to the construction
34 contract;

35 (c) Registered or licensed subcontractors, material, and
36 equipment;

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

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

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

3 (5) The total amount paid from a bond or deposit (~~required of a~~
4 ~~general contractor by this section~~) to claimants other than
5 residential homeowners must not exceed one-half of the bond (~~amount.~~
6 ~~The total amount paid from a bond or deposit required of a specialty~~
7 ~~contractor by this section to claimants other than residential~~
8 ~~homeowners must not exceed one-half of the bond amount or four~~
9 ~~thousand dollars, whichever is greater~~) or deposit.

10 (6) The prevailing party in an action filed under this section
11 against the contractor and contractor's bond or deposit, for breach
12 of contract by a party to the construction contract involving a
13 residential homeowner, is entitled to costs, interest, and reasonable
14 attorneys' fees. The surety upon the bond or deposit is not liable in
15 an aggregate amount in excess of the amount named in the bond or
16 deposit nor for any monetary penalty assessed pursuant to this
17 chapter for an infraction.

18 (7) If a final judgment impairs the liability of the surety upon
19 the bond or deposit so furnished that there is not in effect a bond
20 or deposit in the full amount prescribed in this section, the
21 registration of the contractor is automatically suspended until the
22 bond or deposit liability in the required amount unimpaired by
23 unsatisfied judgment claims is furnished.

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

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

1 (10) Within (~~ten~~) 10 days after resolution of the case, a
2 certified copy of the final judgment and order, or any settlement
3 documents where a case is not disposed of by a court trial, a
4 certified copy of the dispositive settlement documents must be
5 provided to the department by the prevailing party. Failure to
6 provide a copy of the final judgment and order or the dispositive
7 settlement documents to the department within (~~ten~~) 10 days of
8 entry of such an order constitutes a violation of this chapter and a
9 penalty adopted by rule of not less than (~~two hundred fifty~~
10 ~~dollars~~) \$250 may be assessed against the prevailing party.

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

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

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

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

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

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

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

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

4 ~~(v) Incentives to adopt industry best practices would increase~~
5 ~~consumer protections.~~

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

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

9 (1) Except as otherwise provided in subsection (3) of this
10 section, a contractor found to have committed an infraction under RCW
11 18.27.200 shall be assessed a monetary penalty of not less than ~~((two~~
12 ~~hundred dollars))~~ \$200 and not more than ~~((five thousand dollars))~~
13 \$5,000.

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

16 (3) A contractor found to have committed an infraction under RCW
17 18.27.200 for failure to register shall be assessed a fine of not
18 less than ~~((one thousand dollars))~~ \$1,200, nor more than ~~((five~~
19 ~~thousand dollars))~~ \$6,000. The director may reduce the penalty for
20 failure to register, but in no case below ~~((five hundred dollars))~~
21 \$600, if the person becomes registered within ~~((ten))~~ 10 days of
22 receiving a notice of infraction and the notice of infraction is for
23 a first offense.

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

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

29 All moneys, except fines and penalties, received or collected
30 under the terms of this chapter must be deposited into the
31 construction registration inspection account. All fines and penalties
32 received or collected under the terms of this chapter shall be
33 deposited in the ~~((general fund))~~ homeowner recovery account under
34 section 7 of this act.

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

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

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

9 (i) The claimant has a final judgment in a court of competent
10 jurisdiction against a registered contractor for a claim brought
11 under RCW 18.27.040(3) on the claimant's primary residence. For
12 purposes of a claim brought on a multifamily dwelling consisting of
13 more than one unit, only the unit in which the claimant actually
14 resides is considered the claimant's primary residence;

15 (ii) The judgment specifies the actual damages suffered as a
16 consequence of such a claim;

17 (iii) The claimant has proceeded against any existing bond
18 covering the contractor;

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

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

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

27 (3)(a) The priority of payment for eligible claims must be by the
28 order of receipt by the department, subject to the limitations in
29 this subsection (3). Payment for an eligible claim must be to the
30 full extent of its eligibility, without proration, before
31 consideration of payment for a subsequent claim in the order of
32 receipt. Determinations regarding payments must be made by the
33 department in its sole discretion.

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

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

4 (d)(i) Total payments under the homeowner recovery program for a
5 fiscal year may not be greater than 80 percent of the account balance
6 calculated at the end of the previous fiscal year.

7 (ii) The department shall create and maintain a waitlist for any
8 eligible claims unpaid due to an insufficient account balance under
9 (d)(i) of this subsection. The waitlist must preserve the order of
10 receipt in accordance with (a) of this subsection. The department may
11 carry over a waitlist and authorize payments to eligible claims from
12 previous fiscal years.

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

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

22 (4)(a) At the time of payment from the account, the claimant
23 shall assign his or her right, title, and interest in any final
24 judgment to the department to the extent of such payment. The
25 department shall be subrogated to the right, title, and interest of
26 the claimant, and may pursue an insurer or other third party to
27 recover amounts paid from the account. Any amount subsequently
28 recovered on the judgment must be for the purpose of reimbursing the
29 account.

30 (b) A claimant in receipt of payment from the account pursuant to
31 this section is prohibited from pursuing collection, or authorizing
32 another entity to pursue collection on the claimant's behalf, of the
33 damages attributable to the same claims to the extent of such
34 payment.

35 (5)(a) The department may pursue reimbursement to the account
36 from the contractor for the amount paid from the account, as well as
37 interest on that amount, in accordance with rules adopted by the
38 department. The department may establish reimbursement payment plans
39 up to 36 months. Any payment plan longer than 12 months must assess

1 interest as provided in RCW 43.17.240. The department must deposit
2 all moneys recovered in the account.

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

6 (c) The department's duties with respect to obtaining
7 reimbursement from the contractor to the account are limited to those
8 specified within this subsection (5).

9 (6) Nothing contained herein limits the authority of the
10 department to take action against a contractor for a violation under
11 this chapter or the rules promulgated thereunder; nor does the
12 reimbursement in full of all obligations to the account by a
13 contractor effect any enforcement of a violation under this chapter
14 or the rules promulgated thereunder.

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

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

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

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

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

26 The homeowner recovery account is created in the custody of the
27 state treasurer. All repayments under section 6 of this act, private
28 contributions, and other moneys transferred or directed to the
29 account must be deposited into the account. Expenditures from the
30 account may only be used for the homeowner recovery program to
31 satisfy unpaid judgments for eligible claims under section 6 of this
32 act. Administrative costs of the program may not be paid from the
33 account. Only the director or the director's designee may authorize
34 expenditures from the account. The account is subject to the
35 allotment procedures under chapter 43.88 RCW, but an appropriation is
36 not required for expenditures.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

32 (1) The construction registration inspection account is created
33 in the state treasury. All moneys, except fines and penalties,
34 received or collected under the terms of chapters 18.27 and 70.87 RCW
35 and under the terms of RCW 43.22.335 through 43.22.430 and 43.22.432
36 through 43.22.495 must be deposited into the account. Moneys in the
37 account may only be spent after appropriation. Expenditures from the
38 account, not including moneys transferred to the general fund, may be

1 used only to carry out the purposes of chapters 18.27 and 70.87 RCW
2 and RCW 43.22.335 through 43.22.430 and 43.22.432 through 43.22.495.

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

7 (3) (~~Until June 30, 2023, on~~) On the last working day of the
8 first month following each quarterly period, seven percent of all
9 revenues received into the account during the previous quarter from
10 licenses, permits, and registrations, net of refunds paid to
11 customers, must be transferred into the general fund.

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

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

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