

---

**SENATE BILL 5469**

---

**State of Washington**

**68th Legislature**

**2023 Regular Session**

**By** Senators Lovick and Saldaña

1 AN ACT Relating to creating the covenant homeownership account  
2 and program to address the history of housing discrimination due to  
3 racially restrictive real estate covenants in Washington state;  
4 amending RCW 36.18.010, 43.84.092, and 43.84.092; adding a new  
5 section to chapter 36.22 RCW; adding a new chapter to Title 43 RCW;  
6 creating new sections; providing an effective date; and providing an  
7 expiration date.

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

9 NEW SECTION. **Sec. 1.** (1) The legislature finds that:

10 (a) Generations of systemic, racist, and discriminatory policies  
11 and practices have created barriers to credit and homeownership for  
12 black, indigenous, and people of color and other historically  
13 marginalized communities in Washington state. The legislature finds  
14 that these policies and practices include redlining, racially  
15 restrictive covenants, mortgage subsidies and incentives, and  
16 displacement and gentrification.

17 (b) The state government was both an active and passive  
18 participant in this discrimination. For example, the legislature  
19 recognizes the role of state courts in facilitating discrimination by  
20 property owners; the existence of mandatory recording statutes that  
21 required county auditors to record racially restrictive covenants;

1 the passage of the urban renewal law authorizing the designation,  
2 regulation, and displacement of certain neighborhoods that were  
3 deemed to be blighted; and state funding and regulation of the real  
4 estate and banking industries in ways that facilitated or promoted  
5 private discrimination. The legislature finds that the specific  
6 discriminatory acts and omissions are well documented, including in  
7 numerous public and private studies, reports, and other publications.

8 (c) This discrimination and its impacts continue to exist in the  
9 present day. The legislature recognizes that the homeownership rate  
10 for black, indigenous, and people of color and other historically  
11 marginalized communities in Washington is 19 percent below that of  
12 non-Hispanic white households, and the homeownership rate for black  
13 households is even lower. The legislature recognizes that credit,  
14 including home mortgages, is harder and more expensive to obtain for  
15 black, indigenous, and people of color and other historically  
16 marginalized communities in Washington than for non-Hispanic white  
17 households. The legislature finds that the imbalance in supply and  
18 demand in Washington's housing market has only exacerbated these  
19 inequities.

20 (d) These negative impacts extend beyond homeownership and affect  
21 wealth generation, housing security, and other outcomes for black,  
22 indigenous, and people of color and other historically marginalized  
23 communities in Washington. The legislature finds that these impacts  
24 include higher rates of homelessness, rent burdening, substandard or  
25 otherwise unhealthy or unsafe housing, and predatory and  
26 discriminatory lending practices that lead to further displacement  
27 and gentrification.

28 (e) Existing state and federal programs and other race-neutral  
29 approaches are insufficient to remedy that discrimination and its  
30 impacts on access to credit and homeownership for black, indigenous,  
31 and people of color and other historically marginalized communities  
32 in Washington. The legislature finds that race-conscious programs,  
33 such as the special purpose credit programs authorized by section 6  
34 of this act, are necessary to remedy the past discrimination in which  
35 the state was complicit and to remove the structural barriers that  
36 persist.

37 (2) The legislature declares that the state has an interest in  
38 remedying past and ongoing discrimination and its impacts on access  
39 to credit and homeownership for black, indigenous, and people of  
40 color and other historically marginalized communities in Washington.

1        NEW SECTION.    **Sec. 2.**    A new section is added to chapter 36.22  
2 RCW to read as follows:

3        (1) Beginning January 1, 2024, except as provided in subsection  
4 (2) of this section, the county auditor must collect a covenant  
5 homeownership program assessment of \$100 for each document recorded,  
6 which is in addition to any other charge, surcharge, or assessment  
7 allowed by law. The county auditor may retain up to one percent of  
8 the funds for collection of the assessment and must remit the  
9 remainder of the funds to the state treasurer to be deposited in the  
10 covenant homeownership program account created in section 4 of this  
11 act.

12        (2) The assessment imposed in this section does not apply to: (a)  
13 Assignments or substitutions of previously recorded deeds of trust;  
14 (b) documents recording a birth, marriage, divorce, or death; (c) any  
15 recorded documents otherwise exempted from a recording fee or  
16 additional assessments under state law; (d) marriage licenses issued  
17 by the county auditor; or (e) documents recording a federal, state,  
18 county, city, or water-sewer district, or wage lien or satisfaction  
19 of lien.

20        NEW SECTION.    **Sec. 3.**    The definitions in this section apply  
21 throughout this chapter unless the context clearly requires  
22 otherwise.

23        (1) "Department" means the department of commerce.

24        (2) "Commission" means the Washington state housing finance  
25 commission.

26        (3) "Covenant homeownership program study" means an evidence-  
27 based written report prepared by or on behalf of the commission as  
28 required in section 5 of this act.

29        (4) "Oversight committee" means the covenant homeownership  
30 program oversight committee established in section 7 of this act.

31        (5) "Program" means the covenant homeownership program described  
32 in section 6 of this act.

33        (6) "Program participant" means a person who receives down  
34 payment and closing cost assistance through a special purpose credit  
35 program created by the commission for purposes of the covenant  
36 homeownership program.

37        (7) "Racially restrictive real estate covenant" means a recorded  
38 covenant or deed restriction that includes or included racial  
39 restrictions on property ownership or use against protected classes

1 that are unlawful under RCW 49.60.224. For example, these unlawful  
2 restrictions commonly included exclusions against black, indigenous,  
3 and people of color and other historically marginalized communities  
4 in Washington state, using terms, many of which are offensive, such  
5 as "African blood" meaning all sub-Saharan African ancestries;  
6 "Aryan" meaning not Jewish, not eastern or southern European, nor any  
7 ancestry except northern European; "Asiatic" meaning all Asian  
8 ancestries; Chinese; "colored person" meaning all sub-Saharan African  
9 ancestries; "colored races" meaning all nonwhite races; "Ethiopian"  
10 meaning all sub-Saharan African ancestries; "gentile" meaning non-  
11 Jewish; Hawaiian; "Hebrew" meaning Jewish; "Hindu" meaning all South  
12 Asian ancestries; "Indian" meaning Native Americans and also possibly  
13 South Asian ancestries; Japanese; "Malay" meaning Filipino;  
14 "Mongolian" meaning all East Asian ancestries; "Negro blood" meaning  
15 all sub-Saharan African ancestries; "oriental" meaning all Asian  
16 ancestries; "Turkish empire" meaning all middle easterners; and  
17 "yellow races" meaning all Asian ancestries.

18 (8) "Special purpose credit program" means a credit assistance  
19 program created by the commission as authorized by the federal  
20 consumer financial protection bureau under regulation B, 12 C.F.R.  
21 1002.8(a)(1), pursuant to Title VII of the consumer credit protection  
22 act (the equal credit opportunity act, 15 U.S.C. Sec. 1691 et seq.)  
23 as amended, allowing a creditor to extend special purpose credit to  
24 applicants who meet eligibility requirements under a credit  
25 assistance program expressly authorized by state law for the benefit  
26 of an economically disadvantaged class of persons.

27 NEW SECTION. **Sec. 4.** The covenant homeownership program account  
28 is created in the state treasury. All receipts from the assessment  
29 established in section 2 of this act must be deposited into the  
30 account. Moneys in the account may be spent only after appropriation.  
31 Expenditures from the account may be made only for the purposes of  
32 the program described in section 6 of this act. The legislature may  
33 appropriate moneys in the account as follows:

34 (1) The legislature may appropriate up to one percent of moneys  
35 in the account to the department for costs related to the program  
36 described in section 6 of this act including, but not limited to,  
37 costs related to administering one or more contracts with the  
38 commission for purposes of the program, costs related to the  
39 oversight committee created in section 7 of this act, costs related

1 to outreach and stakeholder engagement, and other administrative,  
2 data collection, and reporting costs; and

3 (2) The legislature may appropriate the remainder of the moneys  
4 in the account to the department to contract with the commission for  
5 the purposes of the program described in section 6 of this act.

6 NEW SECTION. **Sec. 5.** (1)(a) The commission shall complete, or  
7 cause to be completed, an initial covenant homeownership program  
8 study. The initial covenant homeownership program study must:

9 (i) Document past and ongoing discrimination against black,  
10 indigenous, and people of color and other historically marginalized  
11 communities in Washington state and the impacts of this  
12 discrimination on homeownership in the state, including access to  
13 credit and other barriers to homeownership in the state;

14 (ii) Analyze whether and to what extent existing programs and  
15 race-neutral approaches have been insufficient to remedy this  
16 discrimination and its impacts;

17 (iii)(A) Recommend and evaluate potential programmatic and policy  
18 changes, including creation of one or more special purpose credit  
19 programs, to remedy this discrimination and its impacts;

20 (B) As part of the recommendations related to creation of one or  
21 more special purpose credit programs, identify through evidence-based  
22 documentation the economically disadvantaged class or classes of  
23 persons that require down payment and closing cost assistance in  
24 order to reduce racial disparities in homeownership in the state. The  
25 class or classes of persons identified in the study may share one or  
26 more common characteristics such as, race, national origin, or sex;  
27 and

28 (iv) Identify methodology to evaluate the efficacy of any  
29 recommended programmatic and policy changes over time.

30 (b) By December 31, 2023, and in compliance with RCW 43.01.036,  
31 the commission shall submit a copy of the initial covenant  
32 homeownership program study to the appropriate committees of the  
33 legislature and post a copy of the study to the commission's website.

34 (2)(a) At least every five years after the initial covenant  
35 homeownership program study is completed, the commission shall  
36 complete, or cause to be completed, an updated covenant homeownership  
37 program study. The updated covenant homeownership program study must:

1 (i) Update and reevaluate the findings and recommendations  
2 contained in the initial covenant homeownership program study and any  
3 subsequent program studies;

4 (ii) Document the experience of program participants and others  
5 impacted by past and ongoing discrimination, including their  
6 experience accessing or attempting to access credit and any barriers  
7 to homeownership in the state that they have faced or continue to  
8 face;

9 (iii) Evaluate the special purpose credit program or programs'  
10 efficacy in providing down payment and closing cost assistance to the  
11 economically disadvantaged class or classes of persons identified in  
12 the initial covenant homeownership program study and any subsequent  
13 program studies, and the special purpose credit program or programs'  
14 impacts on remedying discrimination and reducing racial disparities  
15 in homeownership in the state; and

16 (iv) Recommend program modifications and improvements.

17 (b) By December 31, 2028, and by December 31st every five years  
18 thereafter, and in compliance with RCW 43.01.036, the commission  
19 shall submit a copy of an updated covenant homeownership program  
20 study to the appropriate committees of the legislature and post a  
21 copy of the study to the commission's website.

22 (c) The board of the commission shall review each subsequent  
23 covenant homeownership program study and consider the evidence-based  
24 documentation and recommendations in designing and implementing  
25 program amendments.

26 NEW SECTION. **Sec. 6.** (1) As part of the program, the department  
27 shall contract with the commission to design, develop, implement, and  
28 evaluate one or more special purpose credit programs to reduce racial  
29 disparities in homeownership in the state by providing down payment  
30 and closing cost assistance. The contract must authorize the  
31 commission to use the contract funding as follows:

32 (a) The contract must authorize the commission to use up to one  
33 percent of the contract funding for costs related to administering  
34 the program including, but not limited to, costs related to  
35 completing a covenant homeownership program study required under  
36 section 5 of this act, and other administrative, data collection, and  
37 reporting costs;

38 (b) The contract must authorize the commission to use up to one  
39 percent of the contract funding to provide targeted education,

1 homeownership counseling, and outreach about special purpose credit  
2 programs created under this section to black, indigenous, and people  
3 of color and other historically marginalized communities in  
4 Washington state, including outreach to relevant affinity groups for  
5 mortgage lenders; and

6 (c) The contract must authorize the commission to use the  
7 remainder of the contract funding to provide down payment and closing  
8 cost assistance to program participants. This portion of the contract  
9 funding may not be used to provide any type of assistance other than  
10 down payment and closing cost assistance.

11 (2) The commission shall create one or more special purpose  
12 credit programs to provide down payment and closing cost assistance  
13 for the benefit of one or more economically disadvantaged classes of  
14 persons identified in a covenant homeownership program study under  
15 section 5 of this act. In creating a special purpose credit program,  
16 the commission must consider the evidence-based documentation and  
17 programmatic and policy recommendations set forth in the initial  
18 covenant homeownership program study and any subsequent program  
19 studies. If the covenant homeownership program study identifies an  
20 economically disadvantaged class or classes of persons that share one  
21 or more common characteristics such as, race, national origin, or sex  
22 and the board of the commission finds it necessary to consider this  
23 information in tailoring a special purpose credit program to provide  
24 credit assistance to economically disadvantaged classes of persons,  
25 the commission may consider these characteristics in designing and  
26 implementing the program.

27 (3) At minimum, a special purpose credit program authorized under  
28 this section must:

29 (a) Provide loans for down payment and closing cost assistance to  
30 program participants that can be combined with other forms of down  
31 payment and closing cost assistance;

32 (b) Require a program participant to repay loans for down payment  
33 and closing cost assistance at the time that the house is sold; and

34 (c) Be implemented in conjunction with the commission's housing  
35 finance programs.

36 (4) To be eligible to receive down payment and closing cost  
37 assistance through a special purpose credit program authorized under  
38 this section, a special purpose credit program applicant must:

39 (a) Have a household income at or below 100 percent of the area  
40 median income;

1 (b) Be a first-time homebuyer; and

2 (c) (i) Be a Washington state resident who:

3 (A) Was a Washington state resident on or before the enactment of  
4 the federal fair housing act (Title VIII of the civil rights act of  
5 1968; P.L. 90-284; 82 Stat. 73) on April 11, 1968, and was or would  
6 have been excluded from homeownership in Washington state by a  
7 racially restrictive real estate covenant on or before April 11,  
8 1968; or

9 (B) Is a descendant of a person who meets the criteria in  
10 (c) (i) (A) of this subsection;

11 (ii) Records that show a person's address at a specific date or  
12 include a reference indicating that a person is a resident of a  
13 specific city on a specific date may be used to provide proof that a  
14 person satisfies the criteria in (c) (i) of this subsection, such as  
15 census data, newspaper clippings, utility bills, lease agreements,  
16 mortgage documents, and other similar documents.

17 (5) The commission may adopt rules, and shall adopt program  
18 policies, as necessary to implement this section. Program rules or  
19 policies must include procedures and standards for extending credit  
20 under the special purpose credit program, including program  
21 eligibility requirements. From time to time, including in response to  
22 a covenant homeownership program study's evaluation of program  
23 efficacy, the board of the commission may amend the special purpose  
24 credit programs, rules, and policies.

25 (6) By July 1, 2024, one or more of the special purpose credit  
26 programs must begin providing down payment and closing cost  
27 assistance to program participants.

28 (7) By December 31, 2025, and by each following December 31st,  
29 and in compliance with RCW 43.01.036, the commission shall submit an  
30 annual report to the appropriate committees of the legislature on the  
31 progress of the special purpose credit program or programs developed  
32 under this section. The report shall include, at minimum, the program  
33 eligibility requirements, the type and amount of down payment and  
34 closing cost assistance provided to program participants, the number  
35 of program participants and their corresponding eligibility  
36 categories, the location of property financed, and program outreach  
37 efforts. The report must be posted on the commission's website.

38 NEW SECTION. **Sec. 7.** (1) The department shall establish an  
39 oversight committee consisting of the following members:

1 (a) One person who meets the eligibility criteria for the special  
2 purpose credit program described in section 6(4) of this act and is  
3 from east of the crest of the Cascade mountains, appointed by the  
4 governor;

5 (b) One person who meets the eligibility criteria for the special  
6 purpose credit program described in section 6(4) of this act and is  
7 from west of the crest of the Cascade mountains, appointed by the  
8 governor;

9 (c) One representative of an organization that operates a special  
10 purpose credit program, counseling service, or debt relief program  
11 that serves persons who were commonly subject to unlawful exclusions  
12 contained in racially restrictive real estate covenants as defined in  
13 section 3 of this act, appointed by the governor;

14 (d) One representative of a community-based organization that  
15 specializes in the development of permanently affordable housing that  
16 serves persons who were commonly subject to unlawful exclusions  
17 contained in racially restrictive real estate covenants, appointed by  
18 the governor;

19 (e) One representative of the real estate sales profession,  
20 appointed by the governor;

21 (f) One representative of the home mortgage lending profession  
22 who has a minimum of five years' lending or underwriting experience,  
23 appointed by the governor;

24 (g) One representative of the nonprofit affordable housing  
25 development industry, appointed by the governor;

26 (h) Two senators, one from each of the two largest caucuses,  
27 appointed by the president of the senate;

28 (i) Two members of the house of representatives, one from each of  
29 the two largest caucuses, appointed by the speaker of the house of  
30 representatives; and

31 (j) One person designated by the director of the Washington state  
32 office of equity established under chapter 43.06D RCW, approved by  
33 the governor.

34 (2) Members shall each serve a three-year term, subject to  
35 renewal for no more than one additional three-year term. The  
36 oversight committee shall develop rules that provide for the  
37 staggering of terms so that, after the first three years of the  
38 committee's existence, the terms of one-third of the members expire  
39 each year.

1 (3) The oversight committee shall oversee and review the  
2 commission's activities and performance related to the program,  
3 including the commission's creation and administration of one or more  
4 special purpose credit programs authorized in section 6 of this act.  
5 The oversight committee may, from time to time, make recommendations  
6 to the appropriate committees of the legislature regarding the  
7 program.

8 (4) (a) The oversight committee is a class one group under RCW  
9 43.03.220. Except as provided in (b) of this subsection, members of  
10 the committee receive no compensation for their services as members  
11 of the committee but may be reimbursed for travel and other expenses  
12 in accordance with rules adopted by the office of financial  
13 management.

14 (b) As authorized by RCW 43.03.220, the department may provide a  
15 stipend to individuals who are low income or have lived experience to  
16 support their participation on the oversight committee.

17 (5) The department and the commission shall work together to  
18 supply the oversight committee with any information necessary for the  
19 committee to carry out its duties under this section.

20 (6) The department shall provide administrative assistance and  
21 staff support to the oversight committee.

22 **Sec. 8.** RCW 36.18.010 and 2022 c 141 s 2 are each amended to  
23 read as follows:

24 Except as otherwise ordered by the court pursuant to RCW  
25 4.24.130, county auditors or recording officers shall collect the  
26 following fees for their official services:

27 (1) For recording instruments, for the first page eight and one-  
28 half by (~~fourteen~~) 14 inches or less, (~~five dollars~~) \$5; for each  
29 additional page eight and one-half by (~~fourteen~~) 14 inches or less,  
30 (~~one dollar~~) \$1. The fee for recording multiple transactions  
31 contained in one instrument will be calculated for each transaction  
32 requiring separate indexing as required under RCW 65.04.050 as  
33 follows: The fee for each title or transaction is the same fee as the  
34 first page of any additional recorded document; the fee for  
35 additional pages is the same fee as for any additional pages for any  
36 recorded document; the fee for the additional pages may be collected  
37 only once and may not be collected for each title or transaction;

38 (2) For preparing and certifying copies, for the first page eight  
39 and one-half by (~~fourteen~~) 14 inches or less, (~~three dollars~~) \$3;

1 for each additional page eight and one-half by (~~fourteen~~) 14 inches  
2 or less, (~~one-dollar~~) \$1;

3 (3) For preparing noncertified copies, for each page eight and  
4 one-half by (~~fourteen~~) 14 inches or less, (~~one-dollar~~) \$1;

5 (4) For administering an oath or taking an affidavit, with or  
6 without seal, (~~two-dollars~~) \$2;

7 (5) For issuing a marriage license, (~~eight-dollars~~) \$8, (this  
8 fee includes taking necessary affidavits, filing returns, indexing,  
9 and transmittal of a record of the marriage to the state registrar of  
10 vital statistics) plus an additional (~~five-dollar~~) \$5 fee for use  
11 and support of the prevention of child abuse and neglect activities  
12 to be transmitted monthly to the state treasurer and deposited in the  
13 state general fund plus an additional (~~ten-dollar~~) \$10 fee to be  
14 transmitted monthly to the state treasurer and deposited in the state  
15 general fund. The legislature intends to appropriate an amount at  
16 least equal to the revenue generated by this fee for the purposes of  
17 the displaced homemaker act, chapter 28B.04 RCW;

18 (6) For searching records per hour, (~~eight-dollars~~) \$8;

19 (7) For recording plats, (~~fifty~~) 50 cents for each lot except  
20 cemetery plats for which the charge shall be (~~twenty-five~~) 25 cents  
21 per lot; also (~~one-dollar~~) \$1 for each acknowledgment, dedication,  
22 and description: PROVIDED, That there shall be a minimum fee of  
23 (~~twenty-five-dollars~~) \$25 per plat;

24 (8) For recording of miscellaneous records not listed above, for  
25 the first page eight and one-half by (~~fourteen~~) 14 inches or less,  
26 (~~five-dollars~~) \$5; for each additional page eight and one-half by  
27 (~~fourteen~~) 14 inches or less, (~~one-dollar~~) \$1;

28 (9) For modernization and improvement of the recording and  
29 indexing system, a surcharge as provided in RCW 36.22.170;

30 (10) For recording an emergency nonstandard document as provided  
31 in RCW 65.04.047, (~~fifty-dollars~~) \$50, in addition to all other  
32 applicable recording fees;

33 (11) For recording instruments, a (~~three-dollar~~) \$3 surcharge  
34 to be deposited into the Washington state library operations account  
35 created in RCW 43.07.129;

36 (12) For recording instruments, a (~~two-dollar~~) \$2 surcharge to  
37 be deposited into the Washington state library-archives building  
38 account created in RCW 43.07.410 until the financing contract entered  
39 into by the secretary of state for the Washington state library-  
40 archives building is paid in full;

1 (13) For recording instruments, a surcharge as provided in RCW  
2 36.22.178; (~~and~~)

3 (14) For recording instruments, except for documents recording a  
4 birth, marriage, divorce, or death or any documents otherwise  
5 exempted from a recording fee under state law, a surcharge as  
6 provided in RCW 36.22.179; and

7 (15) For recording instruments, except for documents recording a  
8 birth, marriage, divorce, or death or any documents otherwise  
9 exempted from a recording fee under state law, an assessment as  
10 provided in section 2 of this act.

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

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

16 (2) The treasury income account shall be utilized to pay or  
17 receive funds associated with federal programs as required by the  
18 federal cash management improvement act of 1990. The treasury income  
19 account is subject in all respects to chapter 43.88 RCW, but no  
20 appropriation is required for refunds or allocations of interest  
21 earnings required by the cash management improvement act. Refunds of  
22 interest to the federal treasury required under the cash management  
23 improvement act fall under RCW 43.88.180 and shall not require  
24 appropriation. The office of financial management shall determine the  
25 amounts due to or from the federal government pursuant to the cash  
26 management improvement act. The office of financial management may  
27 direct transfers of funds between accounts as deemed necessary to  
28 implement the provisions of the cash management improvement act, and  
29 this subsection. Refunds or allocations shall occur prior to the  
30 distributions of earnings set forth in subsection (4) of this  
31 section.

32 (3) Except for the provisions of RCW 43.84.160, the treasury  
33 income account may be utilized for the payment of purchased banking  
34 services on behalf of treasury funds including, but not limited to,  
35 depository, safekeeping, and disbursement functions for the state  
36 treasury and affected state agencies. The treasury income account is  
37 subject in all respects to chapter 43.88 RCW, but no appropriation is  
38 required for payments to financial institutions. Payments shall occur

1 prior to distribution of earnings set forth in subsection (4) of this  
2 section.

3 (4) Monthly, the state treasurer shall distribute the earnings  
4 credited to the treasury income account. The state treasurer shall  
5 credit the general fund with all the earnings credited to the  
6 treasury income account except:

7 (a) The following accounts and funds shall receive their  
8 proportionate share of earnings based upon each account's and fund's  
9 average daily balance for the period: The abandoned recreational  
10 vehicle disposal account, the aeronautics account, the Alaskan Way  
11 viaduct replacement project account, the ambulance transport fund,  
12 the brownfield redevelopment trust fund account, the budget  
13 stabilization account, the capital vessel replacement account, the  
14 capitol building construction account, the Central Washington  
15 University capital projects account, the charitable, educational,  
16 penal and reformatory institutions account, the Chehalis basin  
17 account, the Chehalis basin taxable account, the cleanup settlement  
18 account, the climate active transportation account, the climate  
19 transit programs account, the Columbia river basin water supply  
20 development account, the Columbia river basin taxable bond water  
21 supply development account, the Columbia river basin water supply  
22 revenue recovery account, the common school construction fund, the  
23 community forest trust account, the connecting Washington account,  
24 the county arterial preservation account, the county criminal justice  
25 assistance account, the covenant homeownership program account, the  
26 deferred compensation administrative account, the deferred  
27 compensation principal account, the department of licensing services  
28 account, the department of retirement systems expense account, the  
29 developmental disabilities community services account, the diesel  
30 idle reduction account, the drinking water assistance account, the  
31 administrative subaccount of the drinking water assistance account,  
32 the early learning facilities development account, the early learning  
33 facilities revolving account, the Eastern Washington University  
34 capital projects account, the education construction fund, the  
35 education legacy trust account, the election account, the electric  
36 vehicle account, the energy freedom account, the energy recovery act  
37 account, the essential rail assistance account, The Evergreen State  
38 College capital projects account, the fair start for kids account,  
39 the ferry bond retirement fund, the fish, wildlife, and conservation  
40 account, the freight mobility investment account, the freight

1 mobility multimodal account, the grade crossing protective fund, the  
2 public health services account, the state higher education  
3 construction account, the higher education construction account, the  
4 higher education retirement plan supplemental benefit fund, the  
5 highway bond retirement fund, the highway infrastructure account, the  
6 highway safety fund, the hospital safety net assessment fund, the  
7 Interstate 405 and state route number 167 express toll lanes account,  
8 the judges' retirement account, the judicial retirement  
9 administrative account, the judicial retirement principal account,  
10 the limited fish and wildlife account, the local leasehold excise tax  
11 account, the local real estate excise tax account, the local sales  
12 and use tax account, the marine resources stewardship trust account,  
13 the medical aid account, the money-purchase retirement savings  
14 administrative account, the money-purchase retirement savings  
15 principal account, the motor vehicle fund, the motorcycle safety  
16 education account, the move ahead WA account, the move ahead WA  
17 flexible account, the multimodal transportation account, the multiuse  
18 roadway safety account, the municipal criminal justice assistance  
19 account, the oyster reserve land account, the pension funding  
20 stabilization account, the perpetual surveillance and maintenance  
21 account, the pilotage account, the pollution liability insurance  
22 agency underground storage tank revolving account, the public  
23 employees' retirement system plan 1 account, the public employees'  
24 retirement system combined plan 2 and plan 3 account, the public  
25 facilities construction loan revolving account, the public health  
26 supplemental account, the public works assistance account, the Puget  
27 Sound capital construction account, the Puget Sound ferry operations  
28 account, the Puget Sound Gateway facility account, the Puget Sound  
29 taxpayer accountability account, the real estate appraiser commission  
30 account, the recreational vehicle account, the regional mobility  
31 grant program account, the resource management cost account, the  
32 rural arterial trust account, the rural mobility grant program  
33 account, the rural Washington loan fund, the sexual assault  
34 prevention and response account, the site closure account, the  
35 skilled nursing facility safety net trust fund, the small city  
36 pavement and sidewalk account, the special category C account, the  
37 special wildlife account, the state investment board expense account,  
38 the state investment board commingled trust fund accounts, the state  
39 patrol highway account, the state reclamation revolving account, the  
40 state route number 520 civil penalties account, the state route

1 number 520 corridor account, the statewide broadband account, the  
2 statewide tourism marketing account, the supplemental pension  
3 account, the Tacoma Narrows toll bridge account, the teachers'  
4 retirement system plan 1 account, the teachers' retirement system  
5 combined plan 2 and plan 3 account, the tobacco prevention and  
6 control account, the tobacco settlement account, the toll facility  
7 bond retirement account, the transportation 2003 account (nickel  
8 account), the transportation equipment fund, the transportation  
9 future funding program account, the transportation improvement  
10 account, the transportation improvement board bond retirement  
11 account, the transportation infrastructure account, the  
12 transportation partnership account, the traumatic brain injury  
13 account, the University of Washington bond retirement fund, the  
14 University of Washington building account, the voluntary cleanup  
15 account, the volunteer firefighters' and reserve officers' relief and  
16 pension principal fund, the volunteer firefighters' and reserve  
17 officers' administrative fund, the vulnerable roadway user education  
18 account, the Washington judicial retirement system account, the  
19 Washington law enforcement officers' and firefighters' system plan 1  
20 retirement account, the Washington law enforcement officers' and  
21 firefighters' system plan 2 retirement account, the Washington public  
22 safety employees' plan 2 retirement account, the Washington school  
23 employees' retirement system combined plan 2 and 3 account, the  
24 Washington state patrol retirement account, the Washington State  
25 University building account, the Washington State University bond  
26 retirement fund, the water pollution control revolving administration  
27 account, the water pollution control revolving fund, the Western  
28 Washington University capital projects account, the Yakima integrated  
29 plan implementation account, the Yakima integrated plan  
30 implementation revenue recovery account, and the Yakima integrated  
31 plan implementation taxable bond account. Earnings derived from  
32 investing balances of the agricultural permanent fund, the normal  
33 school permanent fund, the permanent common school fund, the  
34 scientific permanent fund, and the state university permanent fund  
35 shall be allocated to their respective beneficiary accounts.

36 (b) Any state agency that has independent authority over accounts  
37 or funds not statutorily required to be held in the state treasury  
38 that deposits funds into a fund or account in the state treasury  
39 pursuant to an agreement with the office of the state treasurer shall

1 receive its proportionate share of earnings based upon each account's  
2 or fund's average daily balance for the period.

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

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

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

11 (2) The treasury income account shall be utilized to pay or  
12 receive funds associated with federal programs as required by the  
13 federal cash management improvement act of 1990. The treasury income  
14 account is subject in all respects to chapter 43.88 RCW, but no  
15 appropriation is required for refunds or allocations of interest  
16 earnings required by the cash management improvement act. Refunds of  
17 interest to the federal treasury required under the cash management  
18 improvement act fall under RCW 43.88.180 and shall not require  
19 appropriation. The office of financial management shall determine the  
20 amounts due to or from the federal government pursuant to the cash  
21 management improvement act. The office of financial management may  
22 direct transfers of funds between accounts as deemed necessary to  
23 implement the provisions of the cash management improvement act, and  
24 this subsection. Refunds or allocations shall occur prior to the  
25 distributions of earnings set forth in subsection (4) of this  
26 section.

27 (3) Except for the provisions of RCW 43.84.160, the treasury  
28 income account may be utilized for the payment of purchased banking  
29 services on behalf of treasury funds including, but not limited to,  
30 depository, safekeeping, and disbursement functions for the state  
31 treasury and affected state agencies. The treasury income account is  
32 subject in all respects to chapter 43.88 RCW, but no appropriation is  
33 required for payments to financial institutions. Payments shall occur  
34 prior to distribution of earnings set forth in subsection (4) of this  
35 section.

36 (4) Monthly, the state treasurer shall distribute the earnings  
37 credited to the treasury income account. The state treasurer shall  
38 credit the general fund with all the earnings credited to the  
39 treasury income account except:

1 (a) The following accounts and funds shall receive their  
2 proportionate share of earnings based upon each account's and fund's  
3 average daily balance for the period: The abandoned recreational  
4 vehicle disposal account, the aeronautics account, the Alaskan Way  
5 viaduct replacement project account, the brownfield redevelopment  
6 trust fund account, the budget stabilization account, the capital  
7 vessel replacement account, the capitol building construction  
8 account, the Central Washington University capital projects account,  
9 the charitable, educational, penal and reformatory institutions  
10 account, the Chehalis basin account, the Chehalis basin taxable  
11 account, the cleanup settlement account, the climate active  
12 transportation account, the climate transit programs account, the  
13 Columbia river basin water supply development account, the Columbia  
14 river basin taxable bond water supply development account, the  
15 Columbia river basin water supply revenue recovery account, the  
16 common school construction fund, the community forest trust account,  
17 the connecting Washington account, the county arterial preservation  
18 account, the county criminal justice assistance account, the covenant  
19 homeownership program account, the deferred compensation  
20 administrative account, the deferred compensation principal account,  
21 the department of licensing services account, the department of  
22 retirement systems expense account, the developmental disabilities  
23 community services account, the diesel idle reduction account, the  
24 drinking water assistance account, the administrative subaccount of  
25 the drinking water assistance account, the early learning facilities  
26 development account, the early learning facilities revolving account,  
27 the Eastern Washington University capital projects account, the  
28 education construction fund, the education legacy trust account, the  
29 election account, the electric vehicle account, the energy freedom  
30 account, the energy recovery act account, the essential rail  
31 assistance account, The Evergreen State College capital projects  
32 account, the fair start for kids account, the ferry bond retirement  
33 fund, the fish, wildlife, and conservation account, the freight  
34 mobility investment account, the freight mobility multimodal account,  
35 the grade crossing protective fund, the public health services  
36 account, the state higher education construction account, the higher  
37 education construction account, the higher education retirement plan  
38 supplemental benefit fund, the highway bond retirement fund, the  
39 highway infrastructure account, the highway safety fund, the hospital  
40 safety net assessment fund, the Interstate 405 and state route number

1 167 express toll lanes account, the judges' retirement account, the  
2 judicial retirement administrative account, the judicial retirement  
3 principal account, the limited fish and wildlife account, the local  
4 leasehold excise tax account, the local real estate excise tax  
5 account, the local sales and use tax account, the marine resources  
6 stewardship trust account, the medical aid account, the money-  
7 purchase retirement savings administrative account, the money-  
8 purchase retirement savings principal account, the motor vehicle  
9 fund, the motorcycle safety education account, the move ahead WA  
10 account, the move ahead WA flexible account, the multimodal  
11 transportation account, the multiuse roadway safety account, the  
12 municipal criminal justice assistance account, the oyster reserve  
13 land account, the pension funding stabilization account, the  
14 perpetual surveillance and maintenance account, the pilotage account,  
15 the pollution liability insurance agency underground storage tank  
16 revolving account, the public employees' retirement system plan 1  
17 account, the public employees' retirement system combined plan 2 and  
18 plan 3 account, the public facilities construction loan revolving  
19 account, the public health supplemental account, the public works  
20 assistance account, the Puget Sound capital construction account, the  
21 Puget Sound ferry operations account, the Puget Sound Gateway  
22 facility account, the Puget Sound taxpayer accountability account,  
23 the real estate appraiser commission account, the recreational  
24 vehicle account, the regional mobility grant program account, the  
25 resource management cost account, the rural arterial trust account,  
26 the rural mobility grant program account, the rural Washington loan  
27 fund, the sexual assault prevention and response account, the site  
28 closure account, the skilled nursing facility safety net trust fund,  
29 the small city pavement and sidewalk account, the special category C  
30 account, the special wildlife account, the state investment board  
31 expense account, the state investment board commingled trust fund  
32 accounts, the state patrol highway account, the state reclamation  
33 revolving account, the state route number 520 civil penalties  
34 account, the state route number 520 corridor account, the statewide  
35 broadband account, the statewide tourism marketing account, the  
36 supplemental pension account, the Tacoma Narrows toll bridge account,  
37 the teachers' retirement system plan 1 account, the teachers'  
38 retirement system combined plan 2 and plan 3 account, the tobacco  
39 prevention and control account, the tobacco settlement account, the  
40 toll facility bond retirement account, the transportation 2003

1 account (nickel account), the transportation equipment fund, the  
2 transportation future funding program account, the transportation  
3 improvement account, the transportation improvement board bond  
4 retirement account, the transportation infrastructure account, the  
5 transportation partnership account, the traumatic brain injury  
6 account, the University of Washington bond retirement fund, the  
7 University of Washington building account, the voluntary cleanup  
8 account, the volunteer firefighters' and reserve officers' relief and  
9 pension principal fund, the volunteer firefighters' and reserve  
10 officers' administrative fund, the vulnerable roadway user education  
11 account, the Washington judicial retirement system account, the  
12 Washington law enforcement officers' and firefighters' system plan 1  
13 retirement account, the Washington law enforcement officers' and  
14 firefighters' system plan 2 retirement account, the Washington public  
15 safety employees' plan 2 retirement account, the Washington school  
16 employees' retirement system combined plan 2 and 3 account, the  
17 Washington state patrol retirement account, the Washington State  
18 University building account, the Washington State University bond  
19 retirement fund, the water pollution control revolving administration  
20 account, the water pollution control revolving fund, the Western  
21 Washington University capital projects account, the Yakima integrated  
22 plan implementation account, the Yakima integrated plan  
23 implementation revenue recovery account, and the Yakima integrated  
24 plan implementation taxable bond account. Earnings derived from  
25 investing balances of the agricultural permanent fund, the normal  
26 school permanent fund, the permanent common school fund, the  
27 scientific permanent fund, and the state university permanent fund  
28 shall be allocated to their respective beneficiary accounts.

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

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

38 NEW SECTION. **Sec. 11.** This act may be known and cited as the  
39 covenant homeownership account and program act.

1        NEW SECTION.    **Sec. 12.**    Sections 1 and 3 through 7 of this act  
2    constitute a new chapter in Title 43 RCW.

3        NEW SECTION.    **Sec. 13.**    If any part of this act is found to be in  
4    conflict with federal requirements that are a prescribed condition to  
5    the allocation of federal funds to the state, the conflicting part of  
6    this act is inoperative solely to the extent of the conflict and with  
7    respect to the agencies directly affected, and this finding does not  
8    affect the operation of the remainder of this act in its application  
9    to the agencies concerned. Rules adopted under this act must meet  
10   federal requirements that are a necessary condition to the receipt of  
11   federal funds by the state.

12       NEW SECTION.    **Sec. 14.**    If any provision of this act or its  
13   application to any person or circumstance is held invalid, the  
14   remainder of the act or the application of the provision to other  
15   persons or circumstances is not affected.

16       NEW SECTION.    **Sec. 15.**    Section 9 of this act expires July 1,  
17   2024.

18       NEW SECTION.    **Sec. 16.**    Section 10 of this act takes effect July  
19   1, 2024.

--- END ---