Washington State
House of Representatives
Office of Program Research

BILL ANALYSIS

Technology, Economic Development, & Veterans Committee

HB 2523

Brief Description: Concerning the community reinvestment program.

Sponsors: Representatives Reeves, Hill, Davis, Gregerson, Parshley, Ormsby, Santos, Donaghy, Scott and Obras.

Brief Summary of Bill

- Requires the Department of Commerce (Commerce) to update the Community Reinvestment Plan (Plan) for distribution of the funds in the Community Reinvestment Account, specify minimum Plan content, and review and update the Plan every 10 years, beginning in 2032.
- Requires the Office of Equity to review the Plan, and requires Commerce to report on Plan implementation every two years, beginning in June 2027.
- Requires the Washington State Institute for Public Policy to study Commerce's distribution of, and the recipient organizations' use of, the funds allocated under the Plan by June 30, 2027.

Hearing Date: 1/27/26

Staff: Martha Wehling (786-7067).

Background:

The stated mission of the Department of Commerce (Commerce) is to strengthen communities in Washington. The agency administers a portfolio of more than 100 programs and several state boards and commissions. Programs administered by Commerce address a wide range of issues

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including homelessness assistance, crime victims advocacy, public safety, rural communities, and community economic opportunities, among others.

The Community Reinvestment Account (Account) was created in the State Treasury in 2022. Moneys in the Account may be spent only after appropriation. Expenditures from the Account may only be spent by Commerce for:

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

Commerce is required to distribute funds under the Account in collaboration with "by and for community organizations," which include those operated by and for Black, Latino, Native American, Asian, Native Hawaiian, and Pacific Islander communities.

Summary of Bill:

Commerce, in partnership with the Office of Equity and "by and for community organizations", must update the Community Reinvestment Plan (Plan) every 10 years, beginning in 2032. The Plan must include criteria for eligible communities and programs, development of accountability measures to ensure that distribution and use of funding meets intended purposes, and tracking of outcomes for the funds. At a minimum, the Plan must address how Account funding will:

- produce long-term economic benefits to the state;
- result in significant long-term economic benefits or higher incomes for citizens; and
- ensure that: (1) projects and programs do not require continuing state support; (2) an expenditure will not supplant private investment; and (3) nonprofit, faith-based, and grassroots organizations are prioritized for funding.

Commerce is encouraged to incorporate existing work from relevant task forces. The Office of Equity must review the Plan. Every two years, beginning by June 30, 2027, Commerce is required to submit a report to the Legislature on Plan implementation, including outcome-based metrics. Commerce must use the Plan to guide the distribution of appropriated funds.

The Washington State Institute for Public Policy is required to study Commerce's distribution of, and the recipient organizations' use of, the funds allocated under the Plan by June 30, 2027.

Appropriation: None.

Fiscal Note: Requested on January 19, 2026.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.