
SENATE BILL 5306

State of Washington

66th Legislature

2019 Regular Session

By Senators Mullet, Braun, Short, Takko, and Hobbs; by request of State Treasurer

1 AN ACT Relating to creating the capacity for the state
2 treasurer's office to provide separately managed investment
3 portfolios to eligible governmental entities; amending RCW 43.250.020
4 and 43.250.030; and adding new sections to chapter 43.250 RCW.

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

6 **Sec. 1.** RCW 43.250.020 and 2016 c 152 s 19 are each amended to
7 read as follows:

8 Unless the context clearly requires otherwise, the definitions in
9 this section shall apply throughout this chapter.

10 (1) "Authorized tribal official" means any officer or employee of
11 a qualifying federally recognized tribe who has been expressly
12 designated by tribal constitution, ordinance, or resolution as the
13 officer having the authority to invest the funds of the qualifying
14 federally recognized tribe or federally recognized political
15 subdivisions thereof.

16 (2) "Eligible governmental entity" means any county, city, town,
17 municipal corporation, quasi-municipal corporation, public
18 corporation, political subdivision, or special purpose taxing
19 district in the state, an instrumentality of any of the foregoing
20 governmental entities created under chapter 39.34 RCW, any agency of
21 state government, any entity issuing or executing and delivering

1 bonds or certificates of participation with respect to financing
2 contracts approved by the state finance committee under RCW
3 39.94.040, and any qualifying federally recognized tribe or federally
4 recognized political subdivisions thereof.

5 (3) "Financial officer" means the board-appointed treasurer of a
6 community or technical college district, the state board for
7 community and technical colleges, or a public four-year institution
8 of higher education.

9 (4) "Funds" means:

10 (a) Funds of an eligible governmental entity under the control of
11 or in the custody of any government finance official or local funds,
12 as defined by the office of financial management publication
13 "Policies, Regulations and Procedures," under the control of or in
14 the custody of a financial officer by virtue of the official's
15 authority that are not immediately required to meet current demands;
16 and

17 (b) Tribal funds under the control of or in the custody of any
18 qualifying federally recognized tribe or federally recognized
19 political subdivisions thereof, where the tribe warrants that the use
20 or disposition of the funds are either not subject to, or are used
21 and deposited with federal approval, and where the tribe warrants
22 that the funds are not immediately required to meet current demands.

23 (5) "Government finance official" means any officer or employee
24 of an eligible governmental entity who has been designated by statute
25 or by local charter, ordinance, resolution, or other appropriate
26 official action, as the officer having the authority to invest the
27 funds of the eligible governmental entity. However, the county
28 treasurer shall be deemed the only government finance official for
29 all public agencies for which the county treasurer has exclusive
30 statutory authority to invest the funds thereof.

31 (6) "Public funds investment account" or "investment pool" means
32 the aggregate of all funds as defined in subsection (4) of this
33 section that are placed in the custody of the state treasurer for
34 pooled investment and reinvestment.

35 (7) "Qualifying federally recognized tribe or federally
36 recognized political subdivisions thereof" means any federally
37 recognized tribe, located in the state of Washington, authorized and
38 empowered by its constitution or ordinance to invest its surplus
39 funds pursuant to this section, and whose authorized tribal official
40 has executed a deposit agreement with the office of the treasurer.

1 (8) "Separately managed accounts" means both the separately
2 managed public funds investment account and the separately managed
3 state agency investment account.

4 (9) "Separately managed public funds investment account" means
5 the aggregate of all funds defined in subsection (4) of this section,
6 except those that are remitted by state agencies, that are placed in
7 the custody of the state treasurer for investment and reinvestment in
8 separate portfolios.

9 (10) "Separately managed state agency investment account" means
10 the aggregate of all funds defined in subsection (4) of this section
11 that are remitted by state agencies and that are placed in the
12 custody of the state treasurer for investment and reinvestment in
13 separate portfolios.

14 **Sec. 2.** RCW 43.250.030 and 1991 sp.s. c 13 s 86 are each amended
15 to read as follows:

16 There is created a trust fund to be known as the public funds
17 investment account. The account is to be separately accounted for and
18 invested by the state treasurer. All moneys remitted for pooled
19 investment under this chapter shall be deposited in this account. All
20 earnings on any balances in the public funds investment account, less
21 moneys for administration pursuant to RCW 43.250.060, shall be
22 credited to the public funds investment account.

23 NEW SECTION. **Sec. 3.** If the office of the state treasurer
24 enters into an agreement with an eligible governmental entity for a
25 separately managed account, the agreement must provide for service
26 charges at rates to allow for operation of the program at no cost to
27 the state and for accumulation of reserves the state treasurer deems
28 necessary for the prudent management of the separately managed
29 account. The agreement must at minimum include the payment for
30 services, time periods for investments, and provisions for orderly
31 withdrawal of funds. The state treasurer may promulgate such rules as
32 are deemed necessary for the efficient operation of the separately
33 managed account.

34 NEW SECTION. **Sec. 4.** There is created a trust fund to be known
35 as the separately managed public funds investment account. The
36 account is to be separately accounted for and invested by the state
37 treasurer. All moneys remitted for investment in separate portfolios

1 under this chapter, except those remitted by state agencies, shall be
2 deposited in this account. All earnings on any balances in the
3 separately managed public funds investment account, less amounts
4 charged by the office of the state treasurer, shall be credited to
5 the separately managed public funds investment account.

6 NEW SECTION. **Sec. 5.** There is created a trust fund to be known
7 as the separately managed state agency investment account. The
8 account is to be separately accounted for and invested by the state
9 treasurer. All moneys remitted by state agencies for investment in
10 separate portfolios under this chapter shall be deposited in this
11 account. All earnings on any balances in the separately managed state
12 agency investment account, less amounts charged by the office of the
13 state treasurer, shall be credited to the separately managed state
14 agency investment account.

15 NEW SECTION. **Sec. 6.** A separately managed state treasurer's
16 service account is created in the custody of the state treasurer. The
17 account is not subject to appropriation or allotment procedures. All
18 moneys received from separately managed accounts for payment to the
19 office of the state treasurer must be deposited into the separately
20 managed state treasurer's service account. Expenditures from the
21 separately managed state treasurer's service account may be made
22 solely for the operation of the separately managed accounts
23 investment program. Only the treasurer or the treasurer's designee
24 may authorize expenditures from the separately managed state
25 treasurer's service account.

26 NEW SECTION. **Sec. 7.** Funds placed in separately managed
27 accounts pursuant to agreements between the office of the state
28 treasurer and eligible governmental entities shall be invested and
29 reinvested by the state treasurer so as to effectively maximize the
30 yield to the separately managed account portfolios. In investing and
31 reinvesting moneys in the separately managed accounts and in
32 acquiring, retaining, managing, and disposing of investments of the
33 separately managed accounts, there shall be exercised the judgment
34 and care under the circumstances then prevailing which persons of
35 prudence, discretion, and intelligence exercise in the management of
36 their own affairs, not in regard to speculation but in regard to the

1 permanent disposition of the funds considering the probable income as
2 well as the probable safety of the capital.

3 NEW SECTION. **Sec. 8.** The state treasurer's office is authorized
4 to employ such personnel as are necessary to administer the
5 separately managed accounts. The bond of the state treasurer as
6 required by law shall be made to include the faithful performance of
7 all functions relating to the separately managed accounts.

8 NEW SECTION. **Sec. 9.** Sections 3 through 8 of this act are each
9 added to chapter 43.250 RCW.

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