

HOUSE BILL REPORT

HB 2450

As Reported by House Committee On:
State Government & Tribal Affairs

Title: An act relating to the clarifying and expanding participation in the Washington state local government investment pool.

Brief Description: Concerning clarification and expansion of eligibility to use the state's local government investment pool.

Sponsors: Representative McCoy; by request of State Treasurer.

Brief History:

Committee Activity:

State Government & Tribal Affairs: 1/14/10, 1/21/10 [DP].

Brief Summary of Bill

- Expands the number and type of entities that may participate in the Local Government Investment Pool.

HOUSE COMMITTEE ON STATE GOVERNMENT & TRIBAL AFFAIRS

Majority Report: Do pass. Signed by 5 members: Representatives Hunt, Chair; Appleton, Vice Chair; Flannigan, Hurst and Miloscia.

Minority Report: Do not pass. Signed by 3 members: Representatives Armstrong, Ranking Minority Member; Alexander and Taylor.

Staff: Pam Madson (786-7111).

Background:

The Local Government Investment Pool (LGIP) was established in 1986 as a voluntary tool local governments can use for investing their funds while maintaining liquidity to meet cash flow needs. Since then institutions of higher education, and state funds that are the proceeds of bonds and other indebtedness authorized by the State Finance Committee, have been added as eligible participants.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Participants in the LGIP include all counties, all cities with a population over 10,000, 232 cities and towns, 154 special taxing districts, and 30 community colleges and universities. The size of the investment pool varies but is in the range of \$7 to \$8 billion. The State Treasurer administers the pool and is authorized to recoup expenses incurred by the Treasurer's Office.

Summary of Bill:

The entities eligible to participate in the LGIP are expanded to include:

- qualifying federally recognized tribes or subdivisions;
 - quasi-municipal corporations;
 - public corporations;
 - instrumentalities of governmental entities created under the Inter-local Cooperation Act;
 - any agency of state government; and
 - an entity issuing or executing bonds or certificates of participation respecting financing contracts approved by the State Finance Committee.
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Appropriation: None.

Fiscal Note: Available.

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

Staff Summary of Public Testimony:

(In support) Allowing quasi-governmental entities and Indian tribes to access the LGIP helps them take care of essential infrastructure needs. This bill brings the statutes on the LGIP up to date by recognizing entities that are governmental but don't fit the traditional definition of political subdivision and allowing them to use this pooled investment opportunity. This is a voluntary program. It provides a safe investment fund at a return that is as good or better than what can be obtained by other investment options.

(Opposed) None.

Persons Testifying: Representative McCoy, prime sponsor; and Wolfgang Opitz, Office of the State Treasurer.

Persons Signed In To Testify But Not Testifying: None.