

SENATE BILL REPORT

SB 6833

As of February 4, 2010

Title: An act relating to management of funds and accounts by the state treasurer.

Brief Description: Addressing the management of funds and accounts by the state treasurer.

Sponsors: Senator Tom; by request of State Treasurer.

Brief History:

Committee Activity: Ways & Means: 2/04/10.

SENATE COMMITTEE ON WAYS & MEANS

Staff: Steve Jones (786-7440)

Background: The State Treasurer is statutorily charged with the cash management of public funds, which includes two categories of state funds and accounts: (1) funds and accounts located in the state treasury, which are subject to legislative appropriation under the state constitution; and (2) funds and accounts that are statutorily placed in the custody of the State Treasurer, but not located in the state treasury, and are not typically subject to legislative appropriation. Funds within each of these two categories are comingled for investment and cash management purposes, but the two categories are not comingled. A third category of public funds are local accounts that are located in a state agency and are not required to be under the cash management authority of the State Treasurer.

The costs of the State Treasurer's office are appropriated by the Legislature from the State Treasurer's Service Fund. Revenue to the fund is derived from an allocation from the interest and other investment earnings of the funds. The allocation to the State Treasurer's Service Fund cannot exceed 1 percent of the average daily cash balance in the funds. Each fiscal year, the state omnibus appropriations act typically transfers the excess fund balance in the State Treasurer's Service Fund to the state General Fund.

Summary of Bill: Funds and accounts under the custody of the State Treasurer may be comingled for cash management purposes with funds and accounts held in the state treasury. An agency with a local account may place the account under the management authority of the State Treasurer, where it may be comingled with other funds for cash management purposes. The local account will be credited with its proportionate share of investment earnings. A state agency placing a local account with the State Treasurer can establish an

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allocation rate jointly with the Statute Treasurer that cannot be less than the actual costs incurred in managing the account.

Every two years, the State Treasurer shall report to the Legislature and the Office of Financial Management (OFM) any funds or accounts the State Treasurer believes to be obsolete.

By October 31, 2010, the State Treasurer, working with OFM must submit to the Legislature a review of all local accounts and recommend legislation, if financially advantageous to the state, to place any of the accounts under the management of the State Treasurer.

Appropriation: None.

Fiscal Note: Not requested.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony: PRO: In the State Treasurer's Office, we count every dollar and make every dollar count. This legislation will improve the cash management practices of all state funds and accounts, including treasury accounts, custodial accounts, and local accounts.

Persons Testifying: PRO: Wolfgang Opitz, Office of the State Treasurer.