

HOUSE BILL REPORT

HB 1421

As Passed Legislature

Title: An act relating to the state investment board.

Brief Description: Authorizing the state investment board to establish additional commingled trust funds.

Sponsors: Representatives Huff, H. Sommers, Hatfield, Benson and McIntire; by request of State Investment Board.

Brief History:

Committee Activity:

Financial Institutions & Insurance: 2/2/99, 2/11/99 [DPS].

Floor Activity:

Passed House: 3/3/99, 95-0.

Passed Senate: 4/14/99, 49-0.

Passed Legislature.

<h3>Brief Summary of Substitute Bill</h3>

<p>· The Washington State Investment Board is authorized to have more than one account in the State Treasury to commingle funds.</p>

HOUSE COMMITTEE ON FINANCIAL INSTITUTIONS & INSURANCE

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 12 members: Representatives Benson, Republican Co-Chair; Hatfield, Democratic Co-Chair; Bush, Republican Vice Chair; McIntire, Democratic Vice Chair; Barlean; Cairnes; DeBolt; Keiser; Quall; Santos; Sullivan and Talcott.

Staff: Charlie Gavigan (786-7340).

Background:

The Legislature created the Washington State Investment Board in 1981 to administer public trust and retirement funds. There are 14 members that serve on the board: one

active member of the Public Employees Retirement System, one active member of the Law Enforcement Officers and Firefighters Retirement System, one active member of the Teachers Retirement System, the State Treasurer, a member of the state House of Representatives, a member of the state Senate, a representative of retired state employees, the director of the Department of Labor and Industries, the director of the Department of Retirement Systems, and five nonvoting members appointed by the Washington State Investment Board with experience in making investments.

Washington law requires that the Washington State Investment Board establish investment policies and procedures that are designed to maximize return at a prudent level of risk. The Washington State Investment Board manages 27 funds which total approximately \$49 billion.

A commingled trust fund is established in the State Treasury for the Washington State Investment Board. The Washington State Investment Board can commingle funds, and establish accounts in this fund for specific investment programs.

Summary of Bill:

The Washington State Investment Board is authorized to establish more than one commingled trust fund in the State Treasury. Commingling funds does not change the nature, character, or purpose of the funds being commingled.

Appropriation: None.

Fiscal Note: Not requested.

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

Testimony For: (Original bill) The Washington State Investment Board has 27 funds under its jurisdiction. Nine retirement funds are grouped in a commingled trust fund for investment purposes, although the accounting for each fund is done separately and distinctly. The current statute only allows the Washington State Investment Board to have one commingled fund. Having the ability to have other commingled funds for some of the smaller funds with similar investment goals may provide better investment opportunities and rates of return for these funds.

Testimony Against: None.

Testified: James Parker, Washington State Investment Board.