

CERTIFICATION OF ENROLLMENT

SUBSTITUTE HOUSE BILL 1183

56th Legislature
1999 Regular Session

Passed by the House April 19, 1999
Yeas 97 Nays 0

Speaker of the House of Representatives

Speaker of the House of Representatives

Passed by the Senate April 14, 1999
Yeas 49 Nays 0

President of the Senate

Approved

Governor of the State of Washington

CERTIFICATE

We, Dean R. Foster and Timothy A. Martin, Co-Chief Clerks of the House of Representatives of the State of Washington, do hereby certify that the attached is **SUBSTITUTE HOUSE BILL 1183** as passed by the House of Representatives and the Senate on the dates hereon set forth.

Chief Clerk

Chief Clerk

FILED

**Secretary of State
State of Washington**

SUBSTITUTE HOUSE BILL 1183

AS AMENDED BY THE SENATE

Passed Legislature - 1999 Regular Session

State of Washington 56th Legislature 1999 Regular Session

By House Committee on State Government (originally sponsored by Representatives H. Sommers, Huff, Romero, McMorris, McIntire and Esser; by request of State Treasurer)

Read first time 02/12/1999.

1 AN ACT Relating to the state treasurer negotiating state-wide
2 custody contracts; adding a new section to chapter 43.08 RCW; adding a
3 new section to chapter 39.58 RCW; creating a new section; and providing
4 an effective date.

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

6 NEW SECTION. **Sec. 1.** Local governments enter into separate,
7 individual contracts with banks for custody services. The rate and
8 terms which each local government obtains from a given bank sometimes
9 varies widely depending upon the size of the local government's
10 portfolio, and thus fails to provide all of the state's taxpayers with
11 the most advantageous rates and terms for such custody services. The
12 purpose of this act is to enable local governments and institutions of
13 higher education, through a state-wide custody contract, to
14 collectively obtain the most advantageous rate and terms from a single
15 financial institution for custodial banking services. Under such a
16 state-wide custody contract, smaller local governments may receive a
17 higher level of service, while paying lower fees than they might have
18 individually obtained.

1 NEW SECTION. **Sec. 2.** A new section is added to chapter 43.08 RCW
2 to read as follows:

3 (1) The state treasurer is authorized to negotiate a state-wide
4 custody contract for custody services for local governments and
5 institutions of higher education. The term of the contract shall be
6 for a minimum of four years.

7 (2) The state treasurer shall, as soon as is practical after
8 negotiations have been successfully completed, notify local governments
9 and institutions of higher education that a state-wide custody contract
10 has been negotiated.

11 (3) Following such notification, each local government or
12 institution of higher education may, at its option, become a signatory
13 to the state-wide contract. Each local government or institution of
14 higher education may only become a signatory to the contract by having
15 its authorized local government official or financial officer and the
16 state-wide custodian execute the state-wide contract. The contract is
17 between the state-wide custodian and the respective local government or
18 institution of higher education. It is the responsibility of the local
19 government official or financial officer to fully understand the terms
20 and conditions of the state-wide custody contract prior to its
21 execution, and to ensure those terms and conditions are observed by the
22 state-wide custodian during the term of the contract.

23 (4) The state treasurer may adopt rules to implement this section,
24 including, but not limited to, those rules deemed necessary to provide
25 for an orderly transition in the event of a different state-wide
26 custodian in a new state-wide custody contract.

27 (5) Any state-wide custodian who becomes a signatory to the state-
28 wide custody contract may be exempted from the requirements of chapter
29 39.58 RCW for the purposes of this section, based on rules adopted by
30 the public deposit protection commission.

31 (6) For the purposes of this section:

32 (a) "Financial institution" means a bank or trust company chartered
33 and supervised under state or federal law;

34 (b) "Local government" means any county, city, town, special
35 purpose district, political subdivision, municipal corporation, or
36 quasi-municipal corporation, including any public corporation created
37 by such an entity, which legally possesses and exercises investment
38 authority;

1 (c) "State-wide custody contract" means a contract negotiated
2 between the state treasurer and a financial institution that
3 establishes terms and fees for custody services which are optional to
4 any local government for the term of the contract;

5 (d) "State-wide custodian" means the financial institution with
6 whom the state treasurer has negotiated a state-wide custody contract;

7 (e) "Custody services" means services performed by a financial
8 institution such as the settlement, safekeeping, valuation, and market-
9 value reporting of negotiable instruments owned by the local
10 government;

11 (f) "Local government official" means any officer or employee of a
12 local government who has been designated by statute or local charter,
13 ordinance, or resolution as the officer having the authority to invest
14 the funds of the local government. However, the county treasurer is
15 the only local government official for all political subdivisions for
16 which the county treasurer has statutory or contractual authority to
17 invest the funds thereof;

18 (g) "Financial officer" means the board-appointed treasurer of a
19 college, university, community or technical college district, or the
20 state board for community and technical colleges.

21 NEW SECTION. **Sec. 3.** A new section is added to chapter 39.58 RCW
22 to read as follows:

23 A state-wide custodian under section 2 of this act may be exempted
24 from the requirements of this chapter, based on rules adopted by the
25 public deposit protection commission.

26 NEW SECTION. **Sec. 4.** This act takes effect September 1, 1999.

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