

CERTIFICATION OF ENROLLMENT

**SUBSTITUTE HOUSE BILL 1183**

Chapter 293, Laws of 1999

56th Legislature  
1999 Regular Session

STATE-WIDE CUSTODY CONTRACTS

EFFECTIVE DATE: 9/1/99

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

CLYDE BALLARD  
**Speaker of the House of Representatives**

FRANK CHOPP  
**Speaker of the House of Representatives**

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

BRAD OWEN  
**President of the Senate**

Approved May 13, 1999

GARY LOCKE  
**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.

DEAN R. FOSTER  
**Chief Clerk**

TIMOTHY A. MARTIN  
**Chief Clerk**

FILED

May 13, 1999 - 3:43 p.m.

**Secretary of State  
State of Washington**

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**SUBSTITUTE HOUSE BILL 1183**

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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.

Passed the House April 19, 1999.

Passed the Senate April 14, 1999.

Approved by the Governor May 13, 1999.

Filed in Office of Secretary of State May 13, 1999.