

HOUSE BILL REPORT

HB 1422

As Amended by the Senate

Title: An act relating to increasing the size of the state investment board.

Brief Description: Increasing the size of the state investment board.

Sponsors: By Representatives Benson, Hatfield and Bush; by request of State Treasurer and Superintendent of Public Instruction.

Brief History:

Committee Activity:

Financial Institutions & Insurance: 2/6/01, 2/20/01 [DP].

Floor Activity:

Passed House: 3/9/01, 96-1.

Senate Amended.

Passed Senate: 4/9/01, 45-3.

<h3>Brief Summary of Bill</h3>

- The State Investment Board is expanded from 14 to 16 members.

HOUSE COMMITTEE ON FINANCIAL INSTITUTIONS & INSURANCE

Majority Report: 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, Miloscia, Roach, Santos and Simpson.

Staff: Thamas Osborn (786-7129).

Background:

The Legislature created the State Investment Board (SIB) 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 SIB with experience in making investments.

Washington law requires that the SIB establish investment policies and procedures that are designed to maximize return at a prudent level of risk. The SIB manages 31 funds which total approximately \$56 billion.

Summary of Bill:

Two members are added to the SIB, thus increasing total membership from 14 to 16. One member will represent local government employers and will be appointed for a 2-year term by the governor, subject to confirmation by the Senate. A second member who is an active member of the school employees' retirement system will be appointed for a 3-year term by the Superintendent of Public Instruction, subject to confirmation by the Senate.

EFFECT OF SENATE AMENDMENT(S):

The quorum requirement for the SIB is increased from 5 to 6 voting members. No action may be taken by the board without the affirmative vote of at least 6 members.

Appropriation: None.

Fiscal Note: Available.

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

Testimony For: This bill provides better balance and gives representation to local governments and school employees. It allows broader input to the board as it makes important decisions.

Testimony Against: The board has been operating effectively with its current make-up. Current members have a fiduciary duty to all fund participants.

Testified: (In support) Mike Murphy, State Treasurer; Ken Kanikeberg, Office of the Superintendent of Public Instruction; Randy Dorn, Public School Employees.

(Opposed) Helen Small, State Investment Board.