

SENATE BILL REPORT

HB 1422

As Reported By Senate Committee On:
Labor, Commerce & Financial Institutions, March 29, 2001

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: Labor, Commerce & Financial Institutions: 3/27/01, 3/29/01 [DP].

SENATE COMMITTEE ON LABOR, COMMERCE & FINANCIAL INSTITUTIONS

Majority Report: Do pass.

Signed by Senators Prentice, Chair; Gardner, Vice Chair; Benton, Franklin, Hochstatter, Honeyford, Patterson, Rasmussen, West and Winsley.

Staff: Joanne Conrad (786-7472)

Background: The Washington State Investment Board is responsible for productively managing the investments of various funds established in law, including retirement funds, deferred compensation, industrial insurance and trust funds. The board currently consists of 14 members, designated in statute, including active members of the Public Employees' Retirement System, the Law Enforcement Officers' and Fire Fighters' Retirement System, the Teachers' Retirement System, the Legislature, the State Treasurer, the Department of Labor and Industries, the Department of Retirement Systems, and a retired member of a state retirement system appointed by the Governor, and five nonvoting members who are experienced in the field of investments.

Nationally, investment boards have memberships that range from one to 15 persons.

The board does not currently have mandated membership from local government or from the School Employees' Retirement system.

Summary of Bill: Two members are added to the State Investment Board: a representative of local government appointed by the Governor, and an active member of the School Employees' Retirement System appointed by the Superintendent of Public Instruction.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect on September 1, 2001.

Testimony For: Classified employees need representation on the board. They are the third largest retirement system. It is a matter of fairness and respect– to be included on the board.

Testimony Against: The State Investment Board currently has a good balance. All the members are fiduciaries, not partisan or special interest representatives. Too many members would make the board unwieldy.

Testified: Karen McCall, Glenn Gorton, Mary Ann Pintlem, Randy Dorn, Public School Employees (pro); Gary Moore, member of State Investment Board (con).