
Capital Budget Committee

HJR 4215

Brief Description: Eliminating prohibitions on the investment of certain state moneys.

Sponsors: Representatives Kenney, Sells, Buri, Hunt and Wood; by request of Washington State University.

Brief Summary of Bill
<ul style="list-style-type: none">The Secretary of State will submit to voters a proposed amendment to the State Constitution that would allow the permanent funds of the public baccalaureate institutions to be invested as authorized by law. This includes the authority to invest the permanent funds in stocks or bonds issued by any association, company, or corporation if authorized by law.

Hearing Date: 2/8/07

Staff: Susan Howson (786-7142).

Background:

In 1889, the federal government granted certain lands to Washington State to be held in trust for what are now the state's public baccalaureate institutions. Proceeds from the sale of timber, minerals, and permanent rights-of-way on these lands, are deposited into "permanent" funds which are managed and invested by the Washington State Investment Board (SIB). The income from these permanent funds is appropriated by the Legislature for the construction and minor works maintenance of university facilities.

There are four permanent funds. Income derived from the "agricultural permanent fund" and the "scientific permanent fund" supports construction and facility improvements at Washington State University. The "state university permanent fund" benefits the University of Washington, and the "normal school permanent fund" benefits Central Washington University, Eastern

Washington University, Western Washington University, and the Evergreen State College. The State Constitution prohibits university permanent funds from being invested "in the stock of any company, association or corporation" (Article XII, Section 9). The SIB currently invests these

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funds in fixed income vehicles.

The State Constitution was amended by voters in 1966 to allow the K-12 common school permanent fund to be invested as authorized by law. It was further amended in 1985 and 2000 to allow moneys of the public pension or retirement funds, industrial insurance trust fund, or funds held in trust for the benefit of persons with disabilities, to be invested as authorized by law.

Summary of Bill:

At the next general election, the Secretary of State will submit to voters a proposed amendment to the State Constitution that would allow the permanent funds of the public baccalaureate institutions to be invested as authorized by law. This includes the authority to invest the permanent funds in stocks or bonds issued by any association, company, or corporation if authorized by law. The Secretary of State will publish a notice of this constitutional amendment at least four times during the four weeks preceding the election in every legal newspaper in the state.

Appropriation: None.

Fiscal Note: Not requested.