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**SENATE BILL 5306**

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**State of Washington 66th Legislature 2019 Regular Session**

**By** Senators Mullet, Braun, Short, Takko, Hobbs, Wagoner, and Wilson, L.; by request of State Treasurer

AN ACT Relating to creating the capacity for the state treasurer's office to provide separately managed investment portfolios to eligible governmental entities; amending RCW 43.250.020 and 43.250.030; and adding new sections to chapter 43.250 RCW.

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

**Sec.**  RCW 43.250.020 and 2016 c 152 s 19 are each amended to read as follows:

Unless the context clearly requires otherwise, the definitions in this section shall apply throughout this chapter.

(1) "Authorized tribal official" means any officer or employee of a qualifying federally recognized tribe who has been expressly designated by tribal constitution, ordinance, or resolution as the officer having the authority to invest the funds of the qualifying federally recognized tribe or federally recognized political subdivisions thereof.

(2) "Eligible governmental entity" means any county, city, town, municipal corporation, quasi-municipal corporation, public corporation, political subdivision, or special purpose taxing district in the state, an instrumentality of any of the foregoing governmental entities created under chapter 39.34 RCW, any agency of state government, any entity issuing or executing and delivering bonds or certificates of participation with respect to financing contracts approved by the state finance committee under RCW 39.94.040, and any qualifying federally recognized tribe or federally recognized political subdivisions thereof.

(3) "Financial officer" means the board-appointed treasurer of a community or technical college district, the state board for community and technical colleges, or a public four-year institution of higher education.

(4) "Funds" means:

(a) Funds of an eligible governmental entity under the control of or in the custody of any government finance official or local funds, as defined by the office of financial management publication "Policies, Regulations and Procedures," under the control of or in the custody of a financial officer by virtue of the official's authority that are not immediately required to meet current demands; and

(b) Tribal funds under the control of or in the custody of any qualifying federally recognized tribe or federally recognized political subdivisions thereof, where the tribe warrants that the use or disposition of the funds are either not subject to, or are used and deposited with federal approval, and where the tribe warrants that the funds are not immediately required to meet current demands.

(5) "Government finance official" means any officer or employee of an eligible governmental entity who has been designated by statute or by local charter, ordinance, resolution, or other appropriate official action, as the officer having the authority to invest the funds of the eligible governmental entity. However, the county treasurer shall be deemed the only government finance official for all public agencies for which the county treasurer has exclusive statutory authority to invest the funds thereof.

(6) "Public funds investment account" or "investment pool" means the aggregate of all funds as defined in subsection (4) of this section that are placed in the custody of the state treasurer for pooled investment and reinvestment.

(7) "Qualifying federally recognized tribe or federally recognized political subdivisions thereof" means any federally recognized tribe, located in the state of Washington, authorized and empowered by its constitution or ordinance to invest its surplus funds pursuant to this section, and whose authorized tribal official has executed a deposit agreement with the office of the treasurer.

(8) "Separately managed accounts" means both the separately managed public funds investment account and the separately managed state agency investment account.

(9) "Separately managed public funds investment account" means the aggregate of all funds defined in subsection (4) of this section, except those that are remitted by state agencies, that are placed in the custody of the state treasurer for investment and reinvestment in separate portfolios.

(10) "Separately managed state agency investment account" means the aggregate of all funds defined in subsection (4) of this section that are remitted by state agencies and that are placed in the custody of the state treasurer for investment and reinvestment in separate portfolios.

**Sec.**  RCW 43.250.030 and 1991 sp.s. c 13 s 86 are each amended to read as follows:

There is created a trust fund to be known as the public funds investment account. The account is to be separately accounted for and invested by the state treasurer. All moneys remitted for pooled investment under this chapter shall be deposited in this account. All earnings on any balances in the public funds investment account, less moneys for administration pursuant to RCW 43.250.060, shall be credited to the public funds investment account.

NEW SECTION. **Sec.**  If the office of the state treasurer enters into an agreement with an eligible governmental entity for a separately managed account, the agreement must provide for service charges at rates to allow for operation of the program at no cost to the state and for accumulation of reserves the state treasurer deems necessary for the prudent management of the separately managed account. The agreement must at minimum include the payment for services, time periods for investments, and provisions for orderly withdrawal of funds. The state treasurer may promulgate such rules as are deemed necessary for the efficient operation of the separately managed account.

NEW SECTION. **Sec.**  There is created a trust fund to be known as the separately managed public funds investment account. The account is to be separately accounted for and invested by the state treasurer. All moneys remitted for investment in separate portfolios under this chapter, except those remitted by state agencies, shall be deposited in this account. All earnings on any balances in the separately managed public funds investment account, less amounts charged by the office of the state treasurer, shall be credited to the separately managed public funds investment account.

NEW SECTION. **Sec.**  There is created a trust fund to be known as the separately managed state agency investment account. The account is to be separately accounted for and invested by the state treasurer. All moneys remitted by state agencies for investment in separate portfolios under this chapter shall be deposited in this account. All earnings on any balances in the separately managed state agency investment account, less amounts charged by the office of the state treasurer, shall be credited to the separately managed state agency investment account.

NEW SECTION. **Sec.**  A separately managed state treasurer's service account is created in the custody of the state treasurer. The account is not subject to appropriation or allotment procedures. All moneys received from separately managed accounts for payment to the office of the state treasurer must be deposited into the separately managed state treasurer's service account. Expenditures from the separately managed state treasurer's service account may be made solely for the operation of the separately managed accounts investment program. Only the treasurer or the treasurer's designee may authorize expenditures from the separately managed state treasurer's service account.

NEW SECTION. **Sec.**  Funds placed in separately managed accounts pursuant to agreements between the office of the state treasurer and eligible governmental entities shall be invested and reinvested by the state treasurer so as to effectively maximize the yield to the separately managed account portfolios. In investing and reinvesting moneys in the separately managed accounts and in acquiring, retaining, managing, and disposing of investments of the separately managed accounts, there shall be exercised the judgment and care under the circumstances then prevailing which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not in regard to speculation but in regard to the permanent disposition of the funds considering the probable income as well as the probable safety of the capital.

NEW SECTION. **Sec.**  The state treasurer's office is authorized to employ such personnel as are necessary to administer the separately managed accounts. The bond of the state treasurer as required by law shall be made to include the faithful performance of all functions relating to the separately managed accounts.

NEW SECTION. **Sec.**  Sections 3 through 8 of this act are each added to chapter 43.250 RCW.

**--- END ---**