

---

**SENATE BILL 5306**

---

**State of Washington**

**66th Legislature**

**2019 Regular Session**

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

Read first time 01/17/19. Referred to Committee on Ways & Means.

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

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

6 **Sec. 1.** RCW 43.250.020 and 2016 c 152 s 19 are each amended to  
7 read as follows:

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

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

16 (2) "Eligible governmental entity" means any county, city, town,  
17 municipal corporation, quasi-municipal corporation, public  
18 corporation, political subdivision, or special purpose taxing  
19 district in the state, an instrumentality of any of the foregoing  
20 governmental entities created under chapter 39.34 RCW, any agency of  
21 state government, any entity issuing or executing and delivering

1 bonds or certificates of participation with respect to financing  
2 contracts approved by the state finance committee under RCW  
3 39.94.040, and any qualifying federally recognized tribe or federally  
4 recognized political subdivisions thereof.

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

9 (4) "Funds" means:

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

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

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

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

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

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

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

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

14       **Sec. 2.** RCW 43.250.030 and 1991 sp.s. c 13 s 86 are each amended  
15 to read as follows:

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

23       NEW SECTION.   **Sec. 3.** If the office of the state treasurer  
24 enters into an agreement with an eligible governmental entity for a  
25 separately managed account, the agreement must provide for service  
26 charges at rates to allow for operation of the program at no cost to  
27 the state and for accumulation of reserves the state treasurer deems  
28 necessary for the prudent management of the separately managed  
29 account. The agreement must at minimum include the payment for  
30 services, time periods for investments, and provisions for orderly  
31 withdrawal of funds. The state treasurer may promulgate such rules as  
32 are deemed necessary for the efficient operation of the separately  
33 managed account.

34       NEW SECTION.   **Sec. 4.** There is created a trust fund to be known  
35 as the separately managed public funds investment account. The  
36 account is to be separately accounted for and invested by the state  
37 treasurer. All moneys remitted for investment in separate portfolios

1 under this chapter, except those remitted by state agencies, shall be  
2 deposited in this account. All earnings on any balances in the  
3 separately managed public funds investment account, less amounts  
4 charged by the office of the state treasurer, shall be credited to  
5 the separately managed public funds investment account.

6 NEW SECTION. **Sec. 5.** There is created a trust fund to be known  
7 as the separately managed state agency investment account. The  
8 account is to be separately accounted for and invested by the state  
9 treasurer. All moneys remitted by state agencies for investment in  
10 separate portfolios under this chapter shall be deposited in this  
11 account. All earnings on any balances in the separately managed state  
12 agency investment account, less amounts charged by the office of the  
13 state treasurer, shall be credited to the separately managed state  
14 agency investment account.

15 NEW SECTION. **Sec. 6.** A separately managed state treasurer's  
16 service account is created in the custody of the state treasurer. The  
17 account is not subject to appropriation or allotment procedures. All  
18 moneys received from separately managed accounts for payment to the  
19 office of the state treasurer must be deposited into the separately  
20 managed state treasurer's service account. Expenditures from the  
21 separately managed state treasurer's service account may be made  
22 solely for the operation of the separately managed accounts  
23 investment program. Only the treasurer or the treasurer's designee  
24 may authorize expenditures from the separately managed state  
25 treasurer's service account.

26 NEW SECTION. **Sec. 7.** Funds placed in separately managed  
27 accounts pursuant to agreements between the office of the state  
28 treasurer and eligible governmental entities shall be invested and  
29 reinvested by the state treasurer so as to effectively maximize the  
30 yield to the separately managed account portfolios. In investing and  
31 reinvesting moneys in the separately managed accounts and in  
32 acquiring, retaining, managing, and disposing of investments of the  
33 separately managed accounts, there shall be exercised the judgment  
34 and care under the circumstances then prevailing which persons of  
35 prudence, discretion, and intelligence exercise in the management of  
36 their own affairs, not in regard to speculation but in regard to the

1 permanent disposition of the funds considering the probable income as  
2 well as the probable safety of the capital.

3 NEW SECTION. **Sec. 8.** The state treasurer's office is authorized  
4 to employ such personnel as are necessary to administer the  
5 separately managed accounts. The bond of the state treasurer as  
6 required by law shall be made to include the faithful performance of  
7 all functions relating to the separately managed accounts.

8 NEW SECTION. **Sec. 9.** Sections 3 through 8 of this act are each  
9 added to chapter 43.250 RCW.

--- END ---