

SENATE BILL REPORT

SB 6376

AS REPORTED BY COMMITTEE ON LABOR & COMMERCE, FEBRUARY 4, 1994

Brief Description: Expanding uses for investment earnings.

SPONSORS: Senator Moore

SENATE COMMITTEE ON LABOR & COMMERCE

Majority Report: Do pass.

Signed by Senators Moore, Chairman; Prentice, Vice Chairman; Amondson, Deccio, Fraser, McAuliffe, Newhouse, Pelz, Prince, Sellar, Vognild and Wojahn.

Staff: Catherine Mele (786-7470)

Hearing Dates: February 4, 1994

BACKGROUND:

Currently the State Investment Board hires various investment counselors from the private sector. Fees established by contract and charged by investment counselors for their services are payable from investment earnings obtained from the specific assets managed by investment counsel.

SUMMARY:

Management fees, custody service fees, legal services fees, and other related costs established by contract are paid from the investment earnings obtained from the specific assets for which the services are used.

Appropriation: none

Revenue: none

Fiscal Note: none requested

Effective Date: retroactive to July 1, 1993

TESTIMONY FOR:

The proposed legislation formalizes and clarifies the kinds of investment expenses that may be paid under RCW 43.84.160. The statute formalizes that counseling fees, management fees, custody service fees, and legal services related to particular investment funds are to be paid from investment earnings. This bill allows the State Investment Board to fully exercise its fiduciary responsibility by making decisions and responding to legal matters in an appropriate manner. The bill provides the State Investment Board with the same

authority that the Department of Retirement Systems currently maintains.

TESTIMONY AGAINST: None

TESTIFIED: Basil Schwan, State Investment Board (pro)