
SENATE BILL 5159

State of Washington 57th Legislature 2001 Regular Session

By Senators Winsley, Gardner, Kohl-Welles, Horn, Prentice and Carlson

Read first time 01/12/2001. Referred to Committee on Higher Education.

1 AN ACT Relating to investments of surplus funds by four-year
2 institutions of higher education; and amending RCW 43.250.010,
3 43.250.020, and 43.250.040.

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

5 **Sec. 1.** RCW 43.250.010 and 1996 c 268 s 1 are each amended to read
6 as follows:

7 The purpose of this chapter is to enable political
8 subdivisions, community and technical college districts, ((and))
9 the state board for community and technical colleges as
10 established in chapter 28B.50 RCW, and public four-year
11 institutions of higher education to participate with the state in
12 providing maximum opportunities for the investment of surplus
13 public funds consistent with the safety and protection of such
14 funds. The legislature finds and declares that the public
15 interest is found in providing maximum prudent investment of
16 surplus funds, thereby reducing the need for additional taxation.
17 The legislature also recognizes that not all political
18 subdivisions are able to maximize the return on their temporary
19 surplus funds. The legislature therefore provides in this chapter

1 a mechanism whereby political subdivisions, community and
2 technical colleges, (~~and~~) the state board for community and
3 technical colleges, and public four-year institutions of higher
4 education may, at their option, utilize the resources of the state
5 treasurer's office to maximize the potential of surplus funds
6 while ensuring the safety of public funds.

7 **Sec. 2.** RCW 43.250.020 and 1996 c 268 s 2 are each amended to read
8 as follows:

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

11 (1) "Public funds investment account" or "investment pool"
12 means the aggregate of all funds as defined in subsection (5) of
13 this section that are placed in the custody of the state treasurer
14 for investment and reinvestment.

15 (2) "Political subdivision" means any county, city, town,
16 municipal corporation, political subdivision, or special purpose
17 taxing district in the state.

18 (3) "Local government official" means any officer or employee
19 of a political subdivision who has been designated by statute or
20 by local charter, ordinance, or resolution as the officer having
21 the authority to invest the funds of the political subdivision.
22 However, the county treasurer shall be deemed the only local
23 government official for all political subdivisions for which the
24 county treasurer has exclusive statutory authority to invest the
25 funds thereof.

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

30 (5) "Funds" means:

31 (a) Public funds under the control of or in the custody of any
32 local government official or local funds, as defined by the office
33 of financial management publication "Policies, Regulations and
34 Procedures," under the control of or in the custody of a financial
35 officer by virtue of the official's authority that are not
36 immediately required to meet current demands;

37 (b) State funds deposited in the investment pool by the state

1 treasurer that are the proceeds of bonds, notes, or other
2 evidences of indebtedness authorized by the state finance
3 committee under chapter 39.42 RCW or payments pursuant to
4 financing contracts under chapter 39.94 RCW, when the investments
5 are made in order to comply with the Internal Revenue Code of
6 1986, as amended.

7 **Sec. 3.** RCW 43.250.040 and 1996 c 268 s 3 are each amended to read
8 as follows:

9 If authorized by statute, local ordinance, or resolution, a
10 local government official or financial officer or his or her
11 designee may place funds into the public funds investment account
12 for investment and reinvestment by the state treasurer in those
13 securities and investments set forth in RCW 43.84.080 and chapter
14 39.58 RCW. The state treasurer shall invest the funds in such
15 manner as to effectively maximize the yield to the investment
16 pool. In investing and reinvesting moneys in the public funds
17 investment account and in acquiring, retaining, managing, and
18 disposing of investments of the investment pool, there shall be
19 exercised the judgment and care under the circumstances then
20 prevailing which persons of prudence, discretion, and intelligence
21 exercise in the management of their own affairs, not in regard to
22 speculation but in regard to the permanent disposition of the
23 funds considering the probable income as well as the probable
24 safety of the capital.

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