

SENATE BILL REPORT

SHB 1352

As of March 9, 2023

Title: An act relating to authorizing tribal investment in county investment pools.

Brief Description: Authorizing tribal investment in county investment pools.

Sponsors: House Committee on Local Government (originally sponsored by Representatives Stearns, Low, Cortes, Entenman, Couture, Ramel, Lekanoff, Pollet and Fosse).

Brief History: Passed House: 2/8/23, 96-0.

Committee Activity: Local Government, Land Use & Tribal Affairs: 3/09/23.

Brief Summary of Bill

- Allows a county treasurer, subject to their approval, to invest funds of a federally recognized tribe when an authorized tribal official enters into an intergovernmental agreement to invest tribal funds with the county treasurer.

SENATE COMMITTEE ON LOCAL GOVERNMENT, LAND USE & TRIBAL AFFAIRS

Staff: Karen Epps (786-7424)

Background: A county treasurer is the custodian of county money and the administrator of the county's financial transactions. A county treasurer may also serve as the ex officio county treasurer for a special purpose district (district) and may provide financial services to districts and other units of local government. County treasurers have many duties enumerated in statute, which include receiving and disbursing money, issuing receipts for money received, and maintaining financial records reflecting receipts and disbursements. Funds held by a county treasurer cannot be placed in the possession of any other person, or used to provide a loan, but can be deposited in qualified banks or, with some qualifications, with credit unions.

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The county treasurer may invest funds that are not needed for immediate use. This investment can include county funds, the funds of special purpose districts that are held by the county treasurer, and the funds of any local government, if the local government's governing body authorizes the investment and the funds to be invested are in the custody of the county treasurer. These funds can be invested in:

- savings accounts or time accounts, also known as certificates of deposit, in qualified banks and credit unions;
- certificates, notes, bonds, or other obligations of the United States, its agencies, or any corporation wholly owned by the United States government;
- bankers' acceptances, which are commitments by a bank to make future payments, purchased on the secondary market;
- federal home loan, land, and national mortgage associations' bank notes and bonds;
- the obligations of any government-sponsored corporation whose obligations are or may become eligible as collateral for advances to member banks, as determined by the federal reserve system; or
- savings, money market, or time accounts other than those represented by a negotiable or transferable certificate, that are secured by collateral.

The county treasurer may charge an investment service fee equal to 5 percent of the earnings, with an annual maximum of \$50, on each transaction authorized by a governing body when the earnings become available to the governing body. This fee may be waived if it is \$5 or less. If the county treasurer or the governing body of a municipal corporation determines that any purchased securities should be sold prior to their maturity date, the governing body can direct the county treasurer to sell or redeem the securities for their current market value.

If a local government's funds are in the custody or control of the county treasurer, are not needed for immediate use, and the governing body of the local government has not taken any action for the investment of the funds, the county treasurer must invest the funds under the county's investment policy. The interest and earnings from these investments accrue to the county and can be used for general county purposes.

Local governments may request that their money invested by the county treasurer be combined for investment in an investment pool. The costs of establishing and initially administering the investment pool, including employee compensation, the cost of materials, and other services specific to the administration of the investment pool, may be deducted from the funds to reimburse the county treasurer for the direct out-of-pocket expenses incurred. Any payments to local governments must be made in a way that equitably reflects the differing amounts and lengths of investment of the local government funds in the county investment pool.

The state treasurer administers a trust fund known as the Public Funds Investment Account or the Local Government Investment Pool. The pool consists of money deposited by the

state treasurer and any counties, municipalities, political subdivisions, state agencies, or tribes that are authorized to invest money in the pool. To participate in the pool, these governmental entities must agree to contribute or withdraw funds in accordance with rules adopted by the state treasurer. The state treasurer must invest the funds to effectively maximize the yield to the investment pool.

Summary of Bill: Subject to the approval of the county treasurer, an authorized tribal official may, when expressly designated by a tribal constitution, ordinance, or resolution as having the authority to invest funds of a qualifying federally recognized tribe or federally recognized political subdivision, enter into an intergovernmental agreement to invest tribal funds with the county treasurer. The tribal funds invested must be in the control or custody of the tribe. The tribe must warrant that federal approval for the investment has been given or is not needed, and that the funds are not immediately needed to meet current demands.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony: PRO: This bill is a tool for local governments to build wealth and equity. This bill allows tribes to have a good return on their money so they can invest in infrastructure, build better schools and roads, and anything that helps the tribal community. This is a tribal investment bill. Snohomish county operates a \$1.2 billion investment program on behalf of 22 jurisdictions. This bill will make it 24 jurisdictions with the two tribes that are wholly within the county. This bill will contribute to the general fund with fees which are much lower than the present fees on their investment pool and give the tribes a return on their investment. This bill will benefit everyone for generations to come.

Persons Testifying: PRO: Representative Chris Stearns, Prime Sponsor; Brian Sullivan, Snohomish County.

Persons Signed In To Testify But Not Testifying: No one.