

**SENATE BILL REPORT**

**SB 6176**

**AS OF JANUARY 27, 1992**

**Brief Description:** Transferring investment responsibilities between the state investment board and the office of the state treasurer.

**SPONSORS:** Senators McCaslin and Madsen; by request of State Treasurer

**SENATE COMMITTEE ON FINANCIAL INSTITUTIONS & INSURANCE**

**Staff:** Benson Porter (786-7470)

**Hearing Dates:** January 28, 1992

**BACKGROUND:**

The State Treasurer's office is charged with providing various banking, fund accounting, financing, and investment functions for the state government. In performance of these functions, the Treasurer invests state treasury funds that are temporarily surplus subject to the cash flow demands of state government. In comparison, the State Investment Board invests public employee pension, accident insurance, and permanent trust funds to meet anticipated long-term needs. While a large portion of the State Investment Board's investments are long-term, the board does make short-term investments similar to the State Treasurer's short-term investment functions.

The State Treasurer currently provides custody trust services and certain accounting functions for the State Investment Board. Examples of custody trust services include dividend collection, security delivery, and security lending. With regards to accounting services, the Treasurer provides significant accounting services to the State Investment Board who only conducts limited accounting of its portfolios.

It has been proposed that certain efficiencies and organizational improvements can be achieved through the relocation and consolidation of certain functions within the State Treasurer's office and the State Investment Board.

**SUMMARY:**

The investing and accounting functions of the State Investment Board and State Treasurer are modified.

The State Investment Board is authorized to utilize the State Treasurer's office for the investment of short-term liquidity funds. Any moneys remitted to the State Treasurer for investment must be deposited in a separate money market fund. The board is responsible for the accounting of any such funds.

The board is also responsible for the accounting of and reporting on its investments and earnings.

The State Treasurer is authorized to delegate all or a portion of its custody trust services to the State Investment Board.

**Appropriation:** none

**Revenue:** none

**Fiscal Note:** requested

**Effective Date:** July 1, 1992