

CERTIFICATION OF ENROLLMENT

**HOUSE BILL 2811**

Chapter 268, Laws of 1996

54th Legislature  
1996 Regular Session

INVESTMENTS OF SURPLUS FUNDS BY COMMUNITY AND TECHNICAL COLLEGE  
DISTRICTS AND THE STATE BOARD FOR COMMUNITY AND TECHNICAL COLLEGES

EFFECTIVE DATE: 6/6/96

Passed by the House February 6, 1996  
Yeas 96 Nays 0

CLYDE BALLARD  
**Speaker of the  
House of Representatives**

Passed by the Senate March 1, 1996  
Yeas 47 Nays 0

JOEL PRITCHARD  
**President of the Senate**

Approved March 29, 1996

MIKE LOWRY  
**Governor of the State of Washington**

CERTIFICATE

I, Timothy A. Martin, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **HOUSE BILL 2811** as passed by the House of Representatives and the Senate on the dates hereon set forth.

TIMOTHY A. MARTIN  
**Chief Clerk**

FILED

March 29, 1996 - 4:51 p.m.

**Secretary of State  
State of Washington**

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HOUSE BILL 2811

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Passed Legislature - 1996 Regular Session

State of Washington                      54th Legislature                      1996 Regular Session

By Representatives L. Thomas, Robertson, Hickel, Pelesky, Mitchell,  
Kessler, Keiser, Blanton, Wolfe, Boldt and Thompson

Read first time 01/22/96.            Referred to Committee on Financial  
Institutions & Insurance.

1            AN ACT Relating to investments of surplus funds by community and  
2 technical college districts and the state board for community and  
3 technical colleges; and amending RCW 43.250.010, 43.250.020, and  
4 43.250.040.

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

6            **Sec. 1.** RCW 43.250.010 and 1986 c 294 s 1 are each amended to read  
7 as follows:

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

1 board for community and technical colleges may, at their option,  
2 utilize the resources of the state treasurer's office to maximize the  
3 potential of surplus funds while ensuring the safety of public funds.

4 **Sec. 2.** RCW 43.250.020 and 1990 c 106 s 1 are each amended to read  
5 as follows:

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

8 (1) "Public funds investment account" or "investment pool" means  
9 the aggregate of all funds as defined in subsection (~~(4)~~) (5) of this  
10 section that are placed in the custody of the state treasurer for  
11 investment and reinvestment.

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

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

22 (4) "Financial officer" means the board-appointed treasurer of a  
23 community or technical college district or the state board for  
24 community and technical colleges.

25 (5) "Funds" means:

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

32 (b) State funds deposited in the investment pool by the state  
33 treasurer that are the proceeds of bonds, notes, or other evidences of  
34 indebtedness authorized by the state finance committee under chapter  
35 39.42 RCW or payments pursuant to financing contracts under chapter  
36 39.94 RCW, when the investments are made in order to comply with the  
37 Internal Revenue Code of 1986, as amended.

1       **Sec. 3.** RCW 43.250.040 and 1986 c 294 s 4 are each amended to read  
2 as follows:

3       If authorized by statute, local ordinance, or resolution, a local  
4 government official or financial officer may place funds into the  
5 public funds investment account for investment and reinvestment by the  
6 state treasurer in those securities and investments set forth in RCW  
7 43.84.080 and chapter 39.58 RCW. The state treasurer shall invest the  
8 funds in such manner as to effectively maximize the yield to the  
9 investment pool. In investing and reinvesting moneys in the public  
10 funds investment account and in acquiring, retaining, managing, and  
11 disposing of investments of the investment pool, there shall be  
12 exercised the judgment and care under the circumstances then prevailing  
13 which persons of prudence, discretion, and intelligence exercise in the  
14 management of their own affairs, not in regard to speculation but in  
15 regard to the permanent disposition of the funds considering the  
16 probable income as well as the probable safety of the capital.

Passed the House February 6, 1996.

Passed the Senate March 1, 1996.

Approved by the Governor March 29, 1996.

Filed in Office of Secretary of State March 29, 1996.