

CERTIFICATION OF ENROLLMENT

HOUSE BILL 1623

Chapter 31, Laws of 2001

57th Legislature
2001 Regular Session

HIGHER EDUCATION INSTITUTIONS--SURPLUS FUNDS

EFFECTIVE DATE: 7/22/01

Passed by the House March 9, 2001
Yeas 98 Nays 0

FRANK CHOPP

Speaker of the House of Representatives

CLYDE BALLARD

Speaker of the House of Representatives

Passed by the Senate April 4, 2001
Yeas 48 Nays 0

BRAD OWEN

President of the Senate

Approved April 16, 2001.

GARY LOCKE

Governor of the State of Washington

CERTIFICATE

We, Timothy A. Martin and Cynthia Zehnder, Co-Chief Clerks of the House of Representatives of the State of Washington, do hereby certify that the attached is **HOUSE BILL 1623** as passed by the House of Representatives and the Senate on the dates hereon set forth.

CYNTHIA ZEHNDER

Chief Clerk

TIMOTHY A. MARTIN

Chief Clerk

FILED

April 16, 2001 - 9:40 a.m.

**Secretary of State
State of Washington**

HOUSE BILL 1623

Passed Legislature - 2001 Regular Session

State of Washington

57th Legislature

2001 Regular Session

By Representatives Kenney, Cox, Skinner, Benson, Gombosky, Rockefeller, Edwards and Mulliken

Read first time 01/31/2001. 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 subdivisions,
8 community and technical college districts, ((and)) the state board for
9 community and technical colleges as established in chapter 28B.50 RCW,
10 and public four-year institutions of higher education to participate
11 with the state in providing maximum opportunities for the investment of
12 surplus public funds consistent with the safety and protection of such
13 funds. The legislature finds and declares that the public interest is
14 found in providing maximum prudent investment of surplus funds, thereby
15 reducing the need for additional taxation. The legislature also
16 recognizes that not all political subdivisions are able to maximize the
17 return on their temporary surplus funds. The legislature therefore
18 provides in this chapter a mechanism whereby political subdivisions,
19 community and technical colleges, ((and)) the state board for community

1 and technical colleges, and public four-year institutions of higher
2 education may, at their option, utilize the resources of the state
3 treasurer's office to maximize the potential of surplus funds while
4 ensuring the safety of public funds.

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

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

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

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

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

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

27 (5) "Funds" means:

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

34 (b) State funds deposited in the investment pool by the state
35 treasurer that are the proceeds of bonds, notes, or other evidences of
36 indebtedness authorized by the state finance committee under chapter
37 39.42 RCW or payments pursuant to financing contracts under chapter

1 39.94 RCW, when the investments are made in order to comply with the
2 Internal Revenue Code of 1986, as amended.

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

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

Passed the House March 9, 2001.

Passed the Senate April 4, 2001.

Approved by the Governor April 16, 2001.

Filed in Office of Secretary of State April 16, 2001.