
HOUSE BILL 1594

State of Washington

59th Legislature

2005 Regular Session

By Representatives Linville, Skinner, Fromhold, Grant, Haler, Dunshee, Dunn, Santos, Armstrong, Wallace, Morris, Holmquist, Pettigrew, Schindler, Kenney, Morrell, Eickmeyer, Rodne, Upthegrove, Dickerson, Clibborn, Moeller and Hankins

Read first time 01/28/2005. Referred to Committee on Economic Development, Agriculture & Trade.

1 AN ACT Relating to the Washington growing business fund; adding new
2 sections to chapter 43.33A RCW; and creating a new section.

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

4 NEW SECTION. **Sec. 1.** Washington state has many world class
5 companies within its borders producing family wage jobs and benefits.
6 The state continues to be home to entrepreneurs and innovative
7 technologies, however, the future development of many of the state's
8 emerging businesses depends on access to capital.

9 The legislature finds that prudent targeted private equity
10 investment by the state investment board would strengthen the local
11 venture capital infrastructure, increase access to capital for local
12 companies, support emerging businesses, create jobs for Washington
13 citizens, and maximize the investment returns of pension funds.

14 NEW SECTION. **Sec. 2.** A new section is added to chapter 43.33A RCW
15 to read as follows:

16 (1) The state investment board shall establish a fund of no less
17 than five hundred million dollars of the board's investment portfolio
18 in the Washington growing business fund, an account that shall be

1 maintained separately and apart from other money invested by the board.
2 Investments from the account may be made in start-up and expanding
3 businesses based in Washington with a substantial employment base
4 located in the state. These investments may be made directly by the
5 board or through the board's investment advisors, including venture
6 capital firms. The earnings on the Washington growing business fund
7 must be accounted for separately from other investments by the board.

8 (2) The purpose of the Washington growing business fund is to:

9 (a) Increase the capital funds available to minority and women-
10 owned business enterprises based in Washington; and

11 (b) Create jobs and economic opportunities within Washington.

12 (3) Investments under this section must be made in a manner
13 consistent with investment or management criteria established by the
14 board or its executive director. In making investments of money in the
15 Washington growing business fund, the primary investment objective is
16 to maximize the rate of return at a level consistent with the other
17 funds under the control of the board, at a prudent level of risk, as
18 required by RCW 43.33A.110.

19 (a) In choosing among equal investment opportunities that satisfy
20 this primary investment objective, the board shall give priority to
21 those investments from the account that assist start-up and expanding
22 Washington-based businesses.

23 (b) Assets in the fund shall be diversified across different
24 industry sectors and regions of the state, such that the assets are
25 prudently invested and that jobs and economic opportunity are equitably
26 distributed across the entire state and encouraged in those communities
27 which are economically distressed.

28 (4) A management company selected to manage a portion of the
29 Washington growing business fund shall manage the money in the account,
30 subject to the investment policies established by the state investment
31 board, with the care, skill, and diligence required by RCW 43.33A.110.
32 In selecting management companies, the board shall consider the
33 potential company's physical and employment presence in Washington as
34 well as a demonstrable ability to find investment opportunities in
35 communities throughout the state.

36 (5) As used in this section:

37 (a) "Emerging business" means:

1 (i) A business with its principal place of business located in this
2 state or with a substantial employment base in Washington;

3 (ii) A business with average annual gross receipts over the last
4 three years not exceeding one million dollars for construction firms
5 and three hundred thousand dollars for nonconstruction firms;

6 (iii) A business with fewer than twenty employees;

7 (iv) An independent business; and

8 (v) A business properly licensed and legally registered in this
9 state.

10 An "emerging business" does not mean a subsidiary or parent company
11 belonging to a group of firms which are owned and controlled by the
12 same individuals which have aggregate annual gross receipts in excess
13 of one million dollars for construction firms or three hundred thousand
14 dollars for nonconstruction firms.

15 (b) "Minority and women-owned business enterprise" means any
16 resident minority business enterprise or women's business enterprise,
17 certified as such by the office of minority and women's business
18 enterprises under chapter 39.19 RCW.

19 (c) "Start-up business" means a Washington business in the act or
20 instance of being set in operation around a technology, product, or
21 service based on a sound business plan.

22 NEW SECTION. **Sec. 3.** A new section is added to chapter 43.33A RCW
23 to read as follows:

24 The board and its designees must include in their statement of
25 investment principles: The extent, if at all, to which social,
26 environmental, or ethical considerations are taken into account in
27 their selection, retention, and realization of investments; and their
28 policy, if any, in relation to the exercise of rights, including voting
29 rights, attaching to investments.

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