

HOUSE BILL REPORT

SSB 5539

As Reported by House Committee On:
Local Government & Housing

Title: An act relating to the investment expenses of counties.

Brief Description: Regarding investment expenses of counties.

Sponsors: Senate Committee on Government Operations & Elections (originally sponsored by Senators Oemig, Jarrett, McAuliffe, Pflug and Tom).

Brief History:

Committee Activity:

Local Government & Housing: 3/16/09, 3/26/09 [DPA].

**Brief Summary of Substitute Bill
(As Amended by House)**

- Establishes new provisions for the administration of county investment pools.

HOUSE COMMITTEE ON LOCAL GOVERNMENT & HOUSING

Majority Report: Do pass as amended. Signed by 10 members: Representatives Simpson, Chair; Angel, Ranking Minority Member; Cox, Assistant Ranking Minority Member; Hinkle, Miloscia, Short, Springer, Upthegrove, White and Williams.

Minority Report: Do not pass. Signed by 1 member: Representative Nelson, Vice Chair.

Staff: Ethan Moreno (786-7386) and Sara del Moral (786-7291)

Background:

At the request of any local government, the county treasurer may invest the local government's funds. For this service, the local government must pay the treasurer an annual fee of not more than \$50. The county treasurer may combine the investment funds of local governments to create a county investment pool (investment pool). County treasurers are authorized to deduct a fee from funds invested in the investment pool as reimbursement for actual expenses incurred establishing or administering the investment pool.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Summary of Amended Bill:

New provisions for the administration of investment pools are established. The term "actual expenses," as used in investment pool provisions, is specified to include only the county treasurer's direct and out-of-pocket costs. Actual expenses do not include indirect or loss-of-opportunity costs. "Direct costs" are defined to mean costs that can be identified specifically with the administration of the investment pool. Direct costs include: the compensation of employees for the time devoted and identified specifically to administering the pool; and the costs of materials, services, or equipment acquired, consumed, or expended specifically for the purpose of administering the investment pool.

Investment pools must be available for the investment of funds of any local government that invests its money with the county treasurer under specified provisions. County treasurers must honor a request from a local government to invest its funds in an investment pool.

Amended Bill Compared to Original Bill:

The amended bill makes the following changes to the Senate bill:

- specifies that investment pools must be available for the investment of funds of any local government that invests its money with the county treasurer under certain provisions;
- specifies that county treasurers must honor a request from a local government to invest its funds in an investment pool; and
- defines "direct costs."

Appropriation: None.

Fiscal Note: Not requested.

Effective Date of Amended Bill: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) King County is charging for indirect costs and lost opportunity costs. A coalition of school districts believes that King County's charges for investment services are grossly excessive, as in many instances, the investment fees charged by other counties are much lower. "Actual expenses" should not include lost opportunity costs or indirect costs. Local governments may only use the county treasurer for investment services, and this bill will save school districts money. The House version of this bill was supported by the committee earlier in the session and Senate version also deserves to be supported.

(Opposed) None.

Persons Testifying: Charlie Brown, School Investment Coalition.

Persons Signed In To Testify But Not Testifying: None.