

HOUSE BILL REPORT

ESJR 8212

As Passed House:
March 5, 2020

Brief Description: Proposing an amendment to the Constitution concerning the investment of funds to provide for long-term care services and supports.

Sponsors: Senators Braun, Conway, Mullet, Schoesler and Palumbo.

Brief History:

Committee Activity:

Appropriations: 2/29/20, 3/2/20 [DP].

Floor Activity:

Passed House: 3/5/20, 96-1.

Brief Summary of Engrossed Bill

- Proposes a constitutional amendment to allow funds to provide for long-term care services and supports to be invested as provided by law.

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: Do pass. Signed by 30 members: Representatives Ormsby, Chair; Robinson, 1st Vice Chair; Bergquist, 2nd Vice Chair; Stokesbary, Ranking Minority Member; MacEwen, Assistant Ranking Minority Member; Rude, Assistant Ranking Minority Member; Caldier, Chandler, Cody, Corry, Dolan, Dye, Fitzgibbon, Hansen, Hoff, Kilduff, Kraft, Macri, Mosbrucker, Pettigrew, Pollet, Ryu, Schmick, Senn, Springer, Steele, Sullivan, Sutherland, Tharinger and Ybarra.

Minority Report: Do not pass. Signed by 3 members: Representatives Chopp, Hudgins and Tarleton.

Staff: David Pringle (786-7310).

Background:

The state Constitution prohibits the state from being interested in the stock, bonds, or credit instruments of any company, association, or corporation. This provision has been interpreted

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to mean that the state cannot place any investment funds in stock and other equities. As a result, state investments are limited to fixed-income securities such as government and specific types of corporate bonds and certificates of deposit.

In the past, some state funds have been specifically exempted from constitutional investment restrictions through constitutional amendments. Currently, these include public pension or retirements funds, industrial insurance trust funds, and funds held in trust for the benefit of persons with developmental disabilities.

The Family and Medical Leave Insurance Account was established in 2017 in Substitute Senate Bill 5975 to provide paid family and medical leave insurance funded through a premium on employee wages. The Legislature is currently considering House Bill 1087 and Senate Bill 5331 to establish a program to provide long-term services and supports funded through a premium on employee wages for deposit into a Long-Term Care Services and Supports Trust Account. The funds in these accounts would be subject to the constitutional investment restrictions.

Summary of Bill:

At the next general election, an amendment to the state Constitution will be presented to the voters to add funds for long-term care services and supports to the list of public funds exempt from current constitutional investment restrictions.

Appropriation: None.

Fiscal Note: Not requested.

Staff Summary of Public Testimony:

(In support) This issue was discussed at some length last year when the Long-Term Care Service and Supports Trust (Trust) was established. Permitting the full range of investment options to be used by the Washington State Investment Board will provide larger returns over time. This amendment should be passed, as the Trust has a long-term horizon. The employee and employer funds should be invested in the best way possible to prudently gain the best rates of return possible.

(Opposed) None.

Persons Testifying: Kate White-Tudor, Washington Association for Area Agencies on Aging; and Carolyn Logue, Washington Food Industry Association.

Persons Signed In To Testify But Not Testifying: None.