

HOUSE BILL REPORT

HJR 4204

As Reported by House Committee On:
Appropriations

Brief Description: Authorizing investment of funds held for the purpose of reducing persistent poverty.

Sponsors: Representatives Volz, Ormsby, Chandler, Ybarra, Fosse, Harris, Steele, Waters, Robertson, Griffey, Bateman, Macri, Thai, Riccelli, Barnard, Pollet and Reed; by request of State Treasurer.

Brief History:

Committee Activity:

Appropriations: 2/24/23 [DP].

Brief Summary of Joint Resolution

- Proposes a constitutional amendment to allow funds held for the purpose of reducing persistent poverty to be invested as provided by law.

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: Do pass. Signed by 25 members: Representatives Ormsby, Chair; Bergquist, Vice Chair; Gregerson, Vice Chair; Macri, Vice Chair; Berg, Chopp, Couture, Davis, Dye, Fitzgibbon, Harris, Lekanoff, Pollet, Riccelli, Rude, Ryu, Sandlin, Schmick, Senn, Simmons, Slatter, Springer, Steele, Stonier and Tharinger.

Minority Report: Do not pass. Signed by 4 members: Representatives Stokesbary, Ranking Minority Member; Chambers, Assistant Ranking Minority Member; Corry, Assistant Ranking Minority Member; Chandler.

Minority Report: Without recommendation. Signed by 1 member: Representative Connors.

Staff: David Pringle (786-7310).

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

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 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.

Summary of Bill:

At the next general election, an amendment to the state Constitution will be presented to the voters to add funds held for the purpose of reducing persistent poverty 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) There is a lot to be said about the need to close the wealth gap. A long-term strategy to reduce persistent policy, including in housing, is badly needed. This change to the State constitution can be seen as a ground breaking move for a more egalitarian society in the future.

(Opposed) None.

Persons Testifying: Clifford Cawthon, Habitat for Humanity of Seattle-King and Kittitas Counties.

Persons Signed In To Testify But Not Testifying: None.