

# SENATE BILL REPORT

## SB 6304

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As of January 29, 2026

**Title:** An act relating to ensuring that responsible principles of investing are incorporated into the investment decision making of the Washington state investment board.

**Brief Description:** Ensuring that responsible principles of investing are incorporated into the investment decision making of the Washington state investment board.

**Sponsors:** Senators Trudeau, Alvarado, Chapman, Frame, Hasegawa, Kauffman, Lovelett, Nobles, Orwall, Stanford and Valdez.

**Brief History:**

**Committee Activity:** Ways & Means: 1/29/26.

**Brief Summary of Bill**

- Requires the State Investment Board (SIB) to incorporate responsible investment principles into its assessment of prudent investment risk.
- Directs SIB to use proxy voting and annual reporting to manage and disclose risks related to responsible investment principles.

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### SENATE COMMITTEE ON WAYS & MEANS

**Staff:** Amanda Cecil (786-7460)

**Background:** The Washington State Investment Board (SIB) is a 15 member board responsible for investing more than \$200 billion in assets on behalf of the state. The majority of the assets are made of the state's retirement trust funds. Other notable program funds invested by SIB include Industrial Insurance funds, the Deferred Compensation Program, the Guaranteed Education Tuition program, the Long-Term Services and Supports Trust, and the Developmental Disabilities Endowment Trust.

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SIB is required to manage these assets in accordance with policies designed to maximize returns at a prudent level of risk.

As part of its investment responsibilities, SIB establishes asset allocation targets that guide investment decisions. Asset allocation policies are reviewed at least every four years, or more frequently if there are significant changes in capital markets or fund liabilities.

**Summary of Bill:** In assessing a prudent level of risk for investment policies, SIB must incorporate responsible investment principles and account for additional inherent risk in companies and investment instruments. Responsible investment principles may include investments that do not contribute to specified environmental, social and governmental factors, such as violations of human rights, environmental degradation, corruption, or other particularly serious violations of fundamental ethical norms.

In incorporating responsible investment principles, SIB must base the decision to invest on current circumstances, and also an assessment of the probability of future violations, the severity and extent of violations, and consider whether other measures might be more effective in reducing the risk of continued harms.

SIB must develop and publish proxy voting guidelines that recognize responsible investment principles as both a business and systemic risk, and use ownership authority to mitigate these risks. The proxy voting guidelines must commit SIB to use all relevant voting opportunities to support shareholder resolutions that call for entities to reduce violations of responsible investment principles.

At least annually, SIB shall report on responsible investment principles, including the process for identifying companies and investment instruments that implicated one or more of the principles, and actions that were taken to manage the risks.

**Appropriation:** None.

**Fiscal Note:** Requested on January 26, 2026.

**Creates Committee/Commission/Task Force that includes Legislative members:** No.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Staff Summary of Public Testimony:** PRO: Creating an ethical investing framework for the State Investment Board would replace the current ad hoc, campaign-by-campaign approach with clear, professionally administered responsible investment standards. Public funds should not finance human rights abuses, environmental destruction, corruption, or other severe harms, and that most Washingtonians already assume such an ethical baseline exists. Responsible investing does not meaningfully harm risk-adjusted returns and can be implemented at minimal cost using existing investment vehicles and phased processes.

Engagement and proxy voting alone are insufficient without a credible backstop, since perpetual engagement can become complicity when companies refuse to change. Establishing a formal framework would align fiduciary duty with long-term risk management, strengthen accountability, and ensure state investments reflect Washington's values while protecting returns.

**Persons Testifying:** PRO: Laila Saliba, Washington for Peace and Justice; Omar Hansen Barr; Rae Levine; Diana Fakhoury, Washington for Peace and Justice; Paula Lukaszek, State employee; Cory Miller; Joseph Lopez, Church Council of Greater Seattle; Helena Ribeiro, AFT 1789; Michele Thomas, Washington Low Income Housing Alliance; Rachelle Martin, Thu; Ross Kirshenbaum; Ashley Fueston, Washington Federation of State Employees; Deborah Nemens; Jacqui Cain, AFT Washington; Kate Schneier; Martha Schmidt; Imraan Siddiqi, Council on American-Islamic Relations Washington (CAIR-WA); Ron Smith, Rachel Corrie Foundation.

**Persons Signed In To Testify But Not Testifying:** No one.