

SENATE BILL REPORT

HB 2694

AS REPORTED BY COMMITTEE ON LABOR & COMMERCE, FEBRUARY 22, 1994

Brief Description: Expanding uses for investment earnings.

SPONSORS: Representatives G. Fisher and Dunshee

HOUSE COMMITTEE ON REVENUE

SENATE COMMITTEE ON LABOR & COMMERCE

Majority Report: Do pass.

Signed by Senators Moore, Chairman; Prentice, Vice Chairman; Amondson, Deccio, Fraser, McAuliffe, Newhouse, Pelz, Prince, Sellar, Sutherland, Vognild and Wojahn.

Staff: Catherine Mele (786-7470)

Hearing Dates: February 22, 1994

BACKGROUND:

The State Investment Board has investment management responsibility for 22 trust and retirement funds. The general expenses of the board are funded from the earnings of the funds managed by the board.

Investment counseling fees are paid from the earnings of those assets being managed. These expenses are not appropriated but are taken directly from the investment earnings of the assets being managed.

SUMMARY:

Management fees, custody service fees, legal services fees, and other related costs established by contract are paid from the investment earnings obtained from the specific assets for which the services are used.

Appropriation: none

Revenue: none

Fiscal Note: none requested

Effective Date: retroactive to July 1, 1993

TESTIMONY FOR:

The proposed legislation formalizes and clarifies the kinds of investment expenses that may be paid under RCW 43.84.160. The statute formalizes that counseling fees, management fees, custody service fees, and legal services related to particular

investment funds are to be paid from investment earnings. This bill allows the State Investment Board to fully exercise its fiduciary responsibility by making decisions and responding to legal matters in an appropriate manner. The bill provides the State Investment Board with the same authority that the Department of Retirement Systems currently maintains.

TESTIMONY AGAINST: None

TESTIFIED: Basil Schwan, State Investment Board (pro)