
HOUSE BILL 2413

State of Washington 53rd Legislature 1994 Regular Session

By Representatives R. Johnson and Quall; by request of State Treasurer

Read first time 01/14/94. Referred to Committee on State Government.

1 AN ACT Relating to the investment of public trust and retirement
2 funds in investments producing collateral economic benefits to the
3 residents of the state of Washington; and adding new sections to
4 chapter 43.33A RCW.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

6 NEW SECTION. **Sec. 1.** A new section is added to chapter 43.33A RCW
7 to read as follows:

8 The legislature believes direct long-term investment within this
9 state that will foster economic production benefiting the state's
10 residents should be encouraged by government. The legislature further
11 believes the investment of state trust and retirement funds in
12 investments within the state, if done in a manner consistent with the
13 prudent person standard of investing, can provide collateral economic
14 benefits to the residents of this state in the form of business
15 development, job creation, and home ownership.

16 The state investment board has a duty to diversify and invest
17 public trust and retirement funds in a variety of broad asset classes,
18 including fixed income securities, equities, real estate, and venture
19 capital, as it seeks a competitive return commensurate with risk for

1 the funds under its control. A board policy adopted in 1982, in
2 response to House Concurrent Resolution No. 37, passed by the
3 legislature in 1982, focuses on in-state investment but does not
4 consider whether a particular investment will produce collateral
5 economic benefits to the residents of this state.

6 The legislature believes the board should consider whether a
7 particular investment will produce collateral economic benefits to the
8 residents of this state and, where economically justified and
9 consistent with the board's fiduciary duties, participate in those
10 investments that, while providing a competitive return commensurate
11 with risk, produce tangible collateral economic benefits to the
12 residents of this state.

13 Accordingly, the legislature intends to direct the board to develop
14 and implement policies that will result in the board's investment of
15 trust and retirement funds under its control, if appropriate and
16 consistent with its fiduciary duties, in investments within this state
17 that will produce collateral economic benefits to the residents of this
18 state.

19 NEW SECTION. **Sec. 2.** A new section is added to chapter 43.33A RCW
20 to read as follows:

21 (1) The state investment board shall establish procedures and
22 performance benchmarks to systematically determine whether particular
23 investments are likely to produce collateral economic benefits for the
24 residents of this state. For purposes of this section and section 1 of
25 this act, "collateral economic benefits" means benefits in addition to
26 competitive return commensurate with risk on investment that inure to
27 the economy and residents of the state of Washington in the form of
28 business development, job creation, home ownership, or other measurable
29 improvements to the state's economic well-being.

30 (2) As it selects investments, the board shall give serious
31 consideration to investments likely to produce collateral economic
32 benefits for the residents of this state. However, the board is not
33 required to select investments likely to produce collateral economic
34 benefits for the residents of this state if the selection of those
35 investments are inconsistent with the requirements of RCW 43.33A.140
36 and 43.84.061.

37 (3) The forms of investment the board may consider under this
38 section include, but are not limited to, home mortgage loans, mortgage-

1 backed securities, small business loans, venture capital investments,
2 commercial mortgages, certificates of deposit, and private placements.

3 (4) The board shall closely monitor investments made in response to
4 this section and section 1 of this act, and provide performance reports
5 no later than October 1st of each year to the legislature as to those
6 investments. Each report shall include all potential investments
7 brought to or considered by the board during the previous year as being
8 likely to produce collateral economic benefits for the residents of
9 Washington and an explanation as to why a particular investment was or
10 was not found by the board to be suitable for investment.

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