

FINAL BILL REPORT

HB 2429

FULL VETO

Synopsis as Enacted

Brief Description: Providing for the operation of the state investment board.

Sponsors: Representatives Huff, H. Sommers, Carlson, Wolfe and L. Thomas; by request of State Investment Board.

House Committee on Appropriations

House Committee on Financial Institutions & Insurance

Senate Committee on Financial Institutions, Insurance & Housing

Background: The Legislature created the Washington State Investment Board in 1981 to administer public trust and retirement funds. Washington law requires the State Investment Board (SIB) to establish investment policies and procedures that are designed to maximize return at a prudent level of risk and that are sufficiently diversified. The statutory standard of care required of the SIB traditionally is referred to as the prudent person standard.

Summary: The standard of care for State Investment Board investments is modified. The SIB must make investment decisions based on what a prudent investor reasonably would do in a similar situation. The investment decision must be considered in terms of the investment strategy for the whole portfolio, which should incorporate reasonable risk and return objectives. The requirement for the SIB to diversify the investments of its funds is amended to allow discretion if the board determines that special circumstances exist which reasonably make the fund better served without diversifying.

Votes on Final Passage:

House 98 0

Senate 47 0