
SUBSTITUTE HOUSE BILL 1586

State of Washington

55th Legislature

1997 Regular Session

By House Committee on Financial Institutions & Insurance (originally sponsored by Representatives Huff, L. Thomas, Clements, H. Sommers, Wolfe and Carlson; by request of State Investment Board)

Read first time 02/26/97.

1 AN ACT Relating to the operation of the state investment board; and
2 adding new sections to chapter 43.33A RCW.

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

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

6 (1) The board is authorized to create corporations under Title 23B
7 RCW, limited liability companies under chapter 25.15 RCW, and limited
8 partnerships under chapter 25.10 RCW, of which it may or may not be the
9 general partner, for the purposes of transferring, acquiring, holding,
10 overseeing, operating, or disposing of real estate or other not readily
11 marketable assets. The liability of each entity created by the board
12 is limited to the assets or properties of that entity. No creditor or
13 other person has any right of action against the board, its members or
14 employees, or the state of Washington on account of any debts,
15 obligations, or liabilities of the entity. Entities created under this
16 section may be authorized by the board to make any investment in real
17 estate or other not readily marketable assets that the board may make.

18 (2) Directors, officers, and other principals of entities created
19 under this section must be board members, board staff, or principals or

1 employees of an advisor or manager engaged by contract by the board or
2 the entity to manage real estate or other investment assets of the
3 entity. Directors of entities created under this section must be
4 appointed by the board. Officers and other principals of entities
5 created under this section are appointed by the directors.

6 (3) A public corporation, limited liability company, or limited
7 partnership created under this section has the same immunity or
8 exemption from taxation as that of the state. The entity shall pay an
9 amount equal to the amounts that would be paid for taxes otherwise
10 levied upon real property and personal property to the public official
11 charged with the collection of such real property and personal property
12 taxes as if the property were in private ownership. The proceeds of
13 such payments must be allocated as though the property were in private
14 ownership.

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

17 Rent and other income from real estate or other not readily
18 marketable assets acquired and being held for investment by the board
19 or by an entity created under section 1 of this act by the board, and
20 being managed by an external advisor or other property manager under
21 contract, shall not be deemed income or state funds for the purposes of
22 chapter 39.58 RCW and this title, until distributions are made to the
23 board of such income from the advisor or manager. Bank and other
24 accounts established by the advisor or property manager for the purpose
25 of the management of such investment assets shall not be deemed
26 accounts established by the state for the purpose of chapter 39.58 RCW
27 and this title.

28 NEW SECTION. **Sec. 3.** A new section is added to chapter 43.33A RCW
29 to read as follows:

30 For the purposes of sections 1 and 2 of this act, an asset is "not
31 readily marketable" when it is not publicly traded on a daily basis or
32 on an organized exchange. Such assets may include, but are not limited
33 to, real estate or other physical assets, and equity interests in, or
34 the indebtedness of, operating companies, whether the asset is held
35 directly or through an interest in an investing entity.

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