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**SUBSTITUTE SENATE BILL 5270**

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**State of Washington**

**55th Legislature**

**1997 Regular Session**

**By** Senate Committee on Financial Institutions, Insurance & Housing  
(originally sponsored by Senators Winsley and Snyder; by request of  
State Investment Board)

Read first time 02/06/97.

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 investment  
11 assets. The liability of each entity created by the board is limited  
12 to the assets or properties of that entity. No creditor or other  
13 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 that the  
17 board may make, including but not limited to the acquisition of:  
18 Equity interests in operating companies, the indebtedness of operating  
19 companies, and real estate.

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

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

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

19 Rent and other income from real estate or other assets acquired and  
20 being held for investment by the board or by an entity created under  
21 section 1 of this act by the board, and being managed by an external  
22 advisor or other property manager under contract, shall not be deemed  
23 income or state funds for the purposes of chapter 39.58 RCW and this  
24 title, until distributions are made to the board of such income  
25 pursuant to the board's agreement with the advisor or manager. Bank  
26 and other accounts established by the advisor or property manager for  
27 the purpose of the management of such investment assets shall not be  
28 deemed accounts established by the state for the purpose of chapter  
29 39.58 RCW and this title.

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