

CERTIFICATION OF ENROLLMENT

**SUBSTITUTE SENATE BILL 5270**

55th Legislature  
1997 Regular Session

Passed by the Senate April 26, 1997  
YEAS 43 NAYS 0

---

**President of the Senate**

Passed by the House April 25, 1997  
YEAS 97 NAYS 0

---

**Speaker of the  
House of Representatives**

Approved

CERTIFICATE

I, Mike O Connell, Secretary of the Senate of the State of Washington, do hereby certify that the attached is **SUBSTITUTE SENATE BILL 5270** as passed by the Senate and the House of Representatives on the dates hereon set forth.

---

**Secretary**

FILED

---

**Governor of the State of Washington**

**Secretary of State  
State of Washington**

---

**SUBSTITUTE SENATE BILL 5270**

---

AS RECOMMENDED BY CONFERENCE COMMITTEE

Passed Legislature - 1997 Regular Session

**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 that are not publicly traded on a daily basis or on an organized  
12 exchange. The liability of each entity created by the board is limited  
13 to the assets or properties of that entity. No creditor or other  
14 person has any right of action against the board, its members or  
15 employees, or the state of Washington on account of any debts,  
16 obligations, or liabilities of the entity. Entities created under this  
17 section may be authorized by the board to make any investment that the  
18 board may make, including but not limited to the acquisition of:

1 Equity interests in operating companies, the indebtedness of operating  
2 companies, and real estate.

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

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

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

21 Rent and other income from real estate or other investment assets  
22 that are not publicly traded on a daily basis or on an organized  
23 exchange that are acquired and being held for investment by the board  
24 or by an entity created under section 1 of this act by the board, and  
25 being managed by an external advisor or other property manager under  
26 contract, shall not be deemed income or state funds for the purposes of  
27 chapter 39.58 RCW and this title, until distributions are made to the  
28 board of such income from the advisor or manager. Bank and other  
29 accounts established by the advisor or property manager for the purpose  
30 of the management of such investment assets shall not be deemed  
31 accounts established by the state for the purpose of chapter 39.58 RCW  
32 and this title.

--- END ---