

HOUSE BILL REPORT

HB 1420

As Reported By House Committee On:

Financial Institutions & Insurance

Title: An act relating to criminal history record checks of prospective appointees and employees of the state investment board.

Brief Description: Providing a procedure for the state investment board to check the criminal history of prospective appointees and employees.

Sponsors: Representatives H. Sommers, Huff, Benson, Hatfield, McIntire and Wolfe; by request of State Investment Board.

Brief History:

Committee Activity:

Financial Institutions & Insurance: 2/2/99, 2/11/99 [DP].

Brief Summary of Bill

- The Washington State Investment Board is given authority to obtain an Federal Bureau of Investigation criminal background check on potential employees.

HOUSE COMMITTEE ON FINANCIAL INSTITUTIONS & INSURANCE

Majority Report: Do pass. Signed by 12 members: Representatives Benson, Republican Co-Chair; Hatfield, Democratic Co-Chair; Bush, Republican Vice Chair; McIntire, Democratic Vice Chair; Barlean; Cairnes; DeBolt; Keiser; Quall; Santos; Sullivan and Talcott.

Staff: Charlie Gavigan (786-7340).

Background:

The Legislature created the Washington State Investment Board in 1981 to administer public trust and retirement funds. There are 14 members that serve on the board: one active member of the Public Employees Retirement System, one active member of the Law Enforcement Officers and Firefighters Retirement System, one active member of

the Teachers Retirement System, the State Treasurer, a member of the state House of Representatives, a member of the state Senate, a representative of retired state employees, the director of the Department of Labor and Industries, the director of the Department of Retirement Systems, and five nonvoting members appointed by the State Investment Board with experience in making investments.

Washington law requires that the Washington State Investment Board establish investment policies and procedures that are designed to maximize return at a prudent level of risk. The Washington State Investment Board manages 27 funds which total approximately \$49 billion.

Like other state agencies, the Washington State Investment Board can request a background check from the Washington State Patrol on applicants for certain employment positions.

Summary of Bill:

In addition to a criminal background check through the Washington State Patrol, the Washington State Investment Board may require a criminal history record check through the Federal Bureau of Investigation for candidates of certain positions of authority. The use of this information is limited and is exempt from public disclosure.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For: When the Washington State Investment Board currently hires persons with authority for funds, or access to funds or data security systems, only Washington State Patrol criminal background checks are allowed. Often the Washington State Investment Board has out-of-state applicants for investment officer or controller positions. Last year, the Washington State Investment Board had finalists for positions from Kansas and Florida; the use of Federal Bureau of Investigation sources to check for criminal records would have been helpful.

Testimony Against: None.

Testified: James Parker, Washington State Investment Board.