

HOUSE OF REPRESENTATIVES

Olympia, Washington

Bill Analysis

Bill No. HB 1183

Negotiate state-wide contracts

Brief title

Hearing Date: 1/29/99

Reps H. Sommer and Huff

Sponsor (s)

Staff Steve undin

State Government Committee

Phone # 86-7127

BACKGROUND:

Local governments are authorized to invest their moneys in a variety of investments.

All local governments may deposit their moneys in savings accounts, money market deposit accounts, designated depository institutions, and depository institutions designated by the Washington public depository commission. The state finance committee, composed of the state treasurer, lieutenant governor, and governor, has accepted public deposits of moneys and is required to segregate certain amounts of securities apart from the assets secured by the public moneys deposited. The state finance committee is authorized to take control of these securities in the event of a loss and use proceeds from the sale of these securities to reimburse the local government for the moneys deposited in the failing financial institution for the losses.

In addition, local governments are allowed to invest their moneys in a variety of securities including federal securities, the obligations of federal agencies, bankers' acceptances purchased on the secondary market, federal home loan bank securities, and federal land bank securities. Local governments may also invest in other types of securities, including Washington state bonds, general obligation bonds, and utility revenue bonds of any city or town in the state, and the bonds for local improvement districts.

The state treasurer, as the treasurer of public moneys provided to the institution for higher education. However, each four-year institution of higher education has direct control over the moneys provided to the institution, which grants and bequest as well as tuition fees, and may invest these moneys.

SUMMARY:

Commencing September 1, 1999, the state treasurer may negotiate statewide contracts

provides banking services investment by local government and institution of higher education. The contract shall be for a period of at least four years. If a new state-wide custodian is designated, the state treasurer is authorized to enter into an order of transfer from the prior custodian to the new custodian.

Any local government institution of higher education may, at its option, become a signatory to the state-wide trust custodial services, which contract between the participating government institutions of higher education and the state-wide custodian, until the custodial banking services of the state-wide custodian.

FISCAL NOTE: Not requested.

EFFECTIVE DATE: This act takes effect September 1, 1999.