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HOUSE BILL 1183

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State of Washington

56th Legislature

1999 Regular Session

By Representatives H. Sommers, Huff, Romero, McMorris, McIntire and Esser; by request of State Treasurer

Read first time 01/18/1999. Referred to Committee on State Government.

1 AN ACT Relating to the state treasurer negotiating state-wide  
2 custody contracts; adding a new section to chapter 43.08 RCW; adding a  
3 new section to chapter 39.58 RCW; creating a new section; and providing  
4 an effective date.

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

6 NEW SECTION. **Sec. 1.** Local governments enter into separate,  
7 individual contracts with banks for custody services. The rate and  
8 terms which each local government obtains from a given bank sometimes  
9 varies widely depending upon the size of the local government's  
10 portfolio, and thus fails to provide all of the state's taxpayers with  
11 the most advantageous rates and terms for such custody services. The  
12 purpose of this act is to enable local governments, through a state-  
13 wide custody contract, to collectively obtain the most advantageous  
14 rate and terms from a single financial institution for custodial  
15 banking services. Under such a state-wide custody contract, smaller  
16 local governments may receive a higher level of service, while paying  
17 lower fees than they might have individually obtained.

1        NEW SECTION.    **Sec. 2.**    A new section is added to chapter 43.08 RCW  
2 to read as follows:

3        (1) The state treasurer is authorized to negotiate a state-wide  
4 custody contract for local government custody services. The term of  
5 the contract shall be for a minimum of four years.

6        (2) The state treasurer shall, as soon as is practical after  
7 negotiations have been successfully completed, notify local governments  
8 that a state-wide custody contract has been negotiated.

9        (3) Following such notification, each local government may, at its  
10 option, become a signatory to the state-wide contract. Each local  
11 government may only become a signatory to the contract by having its  
12 authorized local government official or financial officer and the  
13 state-wide custodian execute the state-wide contract. The contract is  
14 between the state-wide custodian and the respective local government.  
15 It is the responsibility of the local government official or financial  
16 officer to fully understand the terms and conditions of the state-wide  
17 custody contract prior to its execution, and to ensure those terms and  
18 conditions are observed by the state-wide custodian during the term of  
19 the contract.

20        (4) In order to provide for an orderly transition in the event of  
21 a different state-wide custodian in a new state-wide custody contract,  
22 the state treasurer shall adopt rules to ensure that an orderly  
23 transition occurs.

24        (5) Any state-wide custodian who becomes a signatory to the state-  
25 wide custody contract is exempt from the requirements of chapter 39.58  
26 RCW for the purposes of this section.

27        (6) For the purposes of this section:

28        (a) "Financial institution" means any bank or trust company,  
29 lawfully engaged in business;

30        (b) "Local government" means any county, city, town, special  
31 purpose district, political subdivision, municipal corporation, or  
32 quasi-municipal corporation, including any public corporation created  
33 by such an entity, which legally possesses and exercises investment  
34 authority;

35        (c) "State-wide custody contract" means a contract negotiated  
36 between the state treasurer and a financial institution that  
37 establishes terms and fees for custody services which are optional to  
38 any local government for the term of the contract;

1 (d) "State-wide custodian" means the financial institution with  
2 whom the state treasurer has negotiated a state-wide custody contract;

3 (e) "Custody services" means services performed by a financial  
4 institution such as the settlement, safekeeping, valuation, and market-  
5 value reporting of negotiable instruments owned by the local  
6 government;

7 (f) "Local government official" means any officer or employee of a  
8 local government who has been designated by statute or local charter,  
9 ordinance, or resolution as the officer having the authority to invest  
10 the funds of the local government. However, the county treasurer is  
11 the only local government official for all political subdivisions for  
12 which the county treasurer has statutory or contractual authority to  
13 invest the funds thereof;

14 (g) "Financial officer" means the board-appointed treasurer of a  
15 college, university, community or technical college district, or the  
16 state board for community and technical colleges.

17 NEW SECTION. **Sec. 3.** A new section is added to chapter 39.58 RCW  
18 to read as follows:

19 A state-wide custodian under section 2 of this act may be exempted  
20 from the requirements of this chapter, based on rules adopted by the  
21 public deposit protection commission.

22 NEW SECTION. **Sec. 4.** This act takes effect September 1, 1999.

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