

SENATE BILL REPORT

SB 6559

As Passed Senate, February 14, 2002

Title: An act relating to authorizing port districts to pay claims or other obligations by check or warrant.

Brief Description: Authorizing port districts to pay claims or other obligations by check or warrant.

Sponsors: Senators Fairley, Horn, Haugen, Prentice and Winsley.

Brief History:

Committee Activity: State & Local Government: 1/28/02, 1/30/02 [DP].

Passed Senate: 2/14/02, 49-0.

SENATE COMMITTEE ON STATE & LOCAL GOVERNMENT

Majority Report: Do pass.

Signed by Senators Gardner, Chair; Fairley, Vice Chair; Hale, Haugen, Horn, Keiser, Kline, McCaslin, Roach, T. Sheldon and Swecker.

Staff: Diane Smith (786-7410)

Background: Only port districts having received gross annual operating revenue of \$100,000 or more for the last three consecutive years may designate a person other than the county treasurer to be the treasurer of the port district. The treasurer must make disbursements by warrant, signed by a port auditor, upon vouchers approved by the commission.

Summary of Bill: A port district acting as its own treasurer is allowed to choose to pay port obligations by warrant or by check.

Appropriation: None.

Fiscal Note: Not requested.

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

Testimony For: For efficiency reasons, 15 ports act as their own treasurers and want to use a checking system. Banks no longer provide warrant services to their new clients. Warrants limit electronic funds transfer and the ability to purchase from the internet. The rationale of warrants protection from unauthorized payments is executed in a checking system by positive pay systems using passwords. If an unauthorized payment is made, recovery is by the same means as is used to recover unauthorized payments on warrants.

All 39 counties operate using warrants. The modern warrant system is paperless, in that redemptions are made on-line. More interest can be made on investments because under the

warrant system, funds need not be available until the warrant is presented at the bank, while funds must be available when a check is written. Only Wells Fargo Bank has been found by counties as being unwilling to provide warrant services.

School districts like the warrant system. It allows the county, by means of registered warrants, essentially to loan them money in order to accommodate the school districts' unpredictable cash flow. The county does not want to lose their warrant system.

Testimony Against: None.

Testified: Pat Jones, WA Public Ports Assn. (pro); Craig Kerr, Port of Seattle (pro); Rose Bowman, WSAC (neutral).