
State Government & Tribal Affairs
Committee

ESB 6221

Brief Description: Concerning clarification and expansion of eligibility to use the state's local government investment pool.

Sponsors: Senator Fairley; by request of State Treasurer.

Brief Summary of Engrossed Bill

- Expands the number and type of entities that may participate in the Local Government Investment Pool.

Hearing Date: 2/18/10

Staff: Pam Madson (786-7111).

Background:

The State Treasurer is responsible for the management and investment of surplus cash in the state treasury and in nontreasury accounts in the custody of the State Treasurer. Other public funds not under this management authority include moneys held by local governments and state agency accounts outside of the state treasury.

The Local Government Investment Pool (LGIP) was established in 1986 as a voluntary tool local governments can use for investing their funds while maintaining liquidity to meet cash flow needs. Since then institutions of higher education, and state funds that are the proceeds of bonds and other indebtedness authorized by the State Finance Committee, have been added as eligible participants.

Participants in the LGIP include all counties, all cities with a population over 10,000, 232 cities and towns, 154 special taxing districts, and 30 community colleges and universities. The size of

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the investment pool varies but is in the range of \$7 to \$8 billion. The State Treasurer's Office administers the pool and is authorized to recoup expenses incurred by the office.

The county treasurer serves as the treasurer for all special purpose districts in the county, including school districts and Educational Service Districts (ESDs). Funds that are not immediately required by a district for expenditure or investment may be invested by the county treasurer on behalf of the school district.

Summary of Bill:

The entities eligible to participate in the Local Government Investment Pool (LGIP) are expanded to include:

- qualifying federally recognized tribes or subdivisions;
- quasi-municipal corporations;
- public corporations;
- instrumentalities of governmental entities created under the Interlocal Cooperation Act;
- any agency of state government; and
- an entity issuing or executing bonds or certificates of participation respecting financing contracts approved by the State Finance Committee.

An authorized officer of a school district is added to those officials who may put funds in the investment pool for investment by the State Treasurer if authorized by state law, local ordinance, or other appropriate official action.

Appropriation: None.

Fiscal Note: Requested on February 15, 2010.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.