
HOUSE BILL 3151

State of Washington

61st Legislature

2010 Regular Session

By Representative Anderson

Read first time 01/29/10. Referred to Committee on Financial Institutions & Insurance.

1 AN ACT Relating to studying public fund investment policies and
2 practices; creating new sections; and providing an expiration date.

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

4 NEW SECTION. **Sec. 1.** The legislature finds that state and local
5 governments across the country are experiencing serious budget
6 shortfalls. The legislature further finds that many of these
7 governments entered into contracts for high-risk derivatives deals with
8 termination clauses that left these governments with large fees owed to
9 financial institutions, further exacerbating their fiscal problems.
10 The legislature intends to determine whether state and local
11 governments in Washington state entered into these kinds of contracts
12 and examine ways to avoid the problems encountered by other
13 governments.

14 NEW SECTION. **Sec. 2.** By December 1, 2010, the state investment
15 board, in consultation and cooperation with the state treasurer and
16 relevant cities and counties, shall submit a report to the appropriate
17 committees of the legislature on the following:

1 (1) A survey of current investment policies and practices by state
2 and local governments and limits in place to avoid high-risk and exotic
3 investment instruments;

4 (2) An identification of any governmental entities that could be
5 liable for large fees owed to financial institutions due to termination
6 clauses in contracts for derivatives deals; and

7 (3) Recommendations for legislative and policy changes to prevent
8 state and local governments from making high-risk investments.

9 NEW SECTION. **Sec. 3.** This act expires July 1, 2011.

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