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SECOND ENGROSSED SENATE BILL 6221

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State of Washington                      61st Legislature                      2010 Regular Session

By Senator Fairley; by request of State Treasurer

Read first time 01/11/10. Referred to Committee on Ways & Means.

1            AN ACT Relating to the clarifying and expanding participation in  
2 the Washington state local government investment pool; and amending RCW  
3 43.250.010, 43.250.020, and 43.250.040.

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

5            **Sec. 1.** RCW 43.250.010 and 2001 c 31 s 1 are each amended to read  
6 as follows:

7            The purpose of this chapter is to enable ~~((political~~  
8 ~~subdivisions,))~~ eligible governmental entities, including community and  
9 technical college districts, the state board for community and  
10 technical colleges as established in chapter 28B.50 RCW, ~~((and))~~ public  
11 four-year institutions of higher education, qualifying federally  
12 recognized tribes or federally recognized political subdivisions  
13 thereof, and other governmental entities to participate with the state  
14 in providing maximum opportunities for the investment of surplus public  
15 funds consistent with the safety and protection of such funds. The  
16 legislature finds and declares that the public interest is found in  
17 providing maximum prudent investment of surplus funds, thereby reducing  
18 the need for additional taxation. The legislature also recognizes that  
19 not all ~~((political subdivisions))~~ eligible governmental entities are

1 able to maximize the return on their temporary surplus funds. The  
2 legislature therefore provides in this chapter a mechanism whereby  
3 (~~political subdivisions, community and technical colleges, the state~~  
4 ~~board for community and technical colleges, and public four-year~~  
5 ~~institutions of higher education~~) eligible governmental entities may,  
6 at their option, utilize the resources of the state treasurer's office  
7 to maximize the potential of surplus funds while ensuring the safety of  
8 (~~public~~) those funds.

9 **Sec. 2.** RCW 43.250.020 and 2001 c 31 s 2 are each amended to read  
10 as follows:

11 Unless the context clearly requires otherwise, the definitions in  
12 this section shall apply throughout this chapter.

13 (1) "Public funds investment account" or "investment pool" means  
14 the aggregate of all funds as defined in subsection (5) of this section  
15 that are placed in the custody of the state treasurer for investment  
16 and reinvestment.

17 (2) "~~(Political subdivision)~~ Eligible governmental entity" means  
18 any county, city, town, municipal corporation, quasi-municipal  
19 corporation, public corporation, political subdivision, or special  
20 purpose taxing district in the state, an instrumentality of any of the  
21 foregoing governmental entities created under chapter 39.34 RCW, any  
22 agency of state government, any entity issuing or executing and  
23 delivering bonds or certificates of participation with respect to  
24 financing contracts approved by the state finance committee under RCW  
25 39.94.040, and any qualifying federally recognized tribe or federally  
26 recognized political subdivisions thereof.

27 (3) "~~(Local)~~ Government finance official" means any officer or  
28 employee of (~~a political subdivision~~) an eligible governmental entity  
29 who has been designated by statute or by local charter, ordinance,  
30 (~~or~~) resolution, or other appropriate official action, as the officer  
31 having the authority to invest the funds of the (~~political~~  
32 ~~subdivision~~) eligible governmental entity. However, the county  
33 treasurer shall be deemed the only (~~local~~) government finance  
34 official for all (~~political subdivisions~~) public agencies for which  
35 the county treasurer has exclusive statutory authority to invest the  
36 funds thereof.

1 (4) "Financial officer" means the board-appointed treasurer of a  
2 community or technical college district, the state board for community  
3 and technical colleges, or a public four-year institution of higher  
4 education.

5 (5) "Funds" means:

6 (a) ~~((Public))~~ Funds of an eligible governmental entity under the  
7 control of or in the custody of any ~~((local))~~ government finance  
8 official or local funds, as defined by the office of financial  
9 management publication "Policies, Regulations and Procedures," under  
10 the control of or in the custody of a financial officer by virtue of  
11 the official's authority that are not immediately required to meet  
12 current demands;

13 (b) State funds deposited in the investment pool by the state  
14 treasurer that are the proceeds of bonds, notes, or other evidences of  
15 indebtedness authorized by the state finance committee under chapter  
16 39.42 RCW, or the proceeds of bonds or certificates of participation  
17 with respect to financing contracts approved by the state finance  
18 committee under RCW 39.94.040, or payments pursuant to financing  
19 contracts under chapter 39.94 RCW, when the investments are made in  
20 order to comply with the Internal Revenue Code of 1986, as amended; and

21 (c) Tribal funds under the control of or in the custody of any  
22 qualifying federally recognized tribe or federally recognized political  
23 subdivisions thereof, where the tribe warrants that the use or  
24 disposition of the funds are either not subject to, or are used and  
25 deposited with federal approval, and where the tribe warrants that the  
26 funds are not immediately required to meet current demands.

27 (6) "Qualifying federally recognized tribe or federally recognized  
28 political subdivisions thereof" means any federally recognized tribe,  
29 located in the state of Washington, authorized and empowered by its  
30 constitution or ordinance to invest its surplus funds pursuant to this  
31 section, and whose authorized tribal official has executed a deposit  
32 agreement with the office of the treasurer.

33 (7) "Authorized tribal official" means any officer or employee of  
34 a qualifying federally recognized tribe who has been expressly  
35 designated by tribal constitution, ordinance, or resolution as the  
36 officer having the authority to invest the funds of the qualifying  
37 federally recognized tribe or federally recognized political  
38 subdivisions thereof.

1       **Sec. 3.** RCW 43.250.040 and 2001 c 31 s 3 are each amended to read  
2 as follows:

3       If authorized by statute, local ordinance, ~~((or))~~ resolution, or  
4 other appropriate official action, the state treasurer, a ~~((local))~~  
5 government finance official or financial officer or his or her  
6 designee, or authorized tribal official, may place funds into the  
7 public funds investment account for investment and reinvestment by the  
8 state treasurer in those securities and investments set forth in RCW  
9 43.84.080 and chapter 39.58 RCW. The state treasurer shall invest the  
10 funds in such manner as to effectively maximize the yield to the  
11 investment pool. In investing and reinvesting moneys in the public  
12 funds investment account and in acquiring, retaining, managing, and  
13 disposing of investments of the investment pool, there shall be  
14 exercised the judgment and care under the circumstances then prevailing  
15 which persons of prudence, discretion, and intelligence exercise in the  
16 management of their own affairs, not in regard to speculation but in  
17 regard to the permanent disposition of the funds considering the  
18 probable income as well as the probable safety of the capital.

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