

SENATE BILL REPORT

HB 2648

As Reported by Senate Committee On:
Government Operations & Security, February 25, 2016

Title: An act relating to an exemption from disclosure of certain financial, commercial, and proprietary information submitted to or obtained by a city retirement board on behalf of its employees' retirement system.

Brief Description: Providing for an exemption from disclosure of certain financial, commercial, and proprietary information held by a city retirement board on behalf of its employees' retirement system.

Sponsors: Representatives Fey, Muri, Kirby, Jenkins, Ryu, Cody, Kilduff, Pettigrew, Riccelli and Bergquist.

Brief History: Passed House: 2/11/16, 95-1.

Committee Activity: Government Operations & Security: 2/18/16, 2/25/16 [DP].

SENATE COMMITTEE ON GOVERNMENT OPERATIONS & SECURITY

Majority Report: Do pass.

Signed by Senators Roach, Chair; Pearson, Vice Chair; Dandel, Habib, McCoy and Takko.

Staff: Samuel Brown (786-7470)

Background: The Public Records Act (PRA). The PRA, enacted in 1972 as part of Initiative 276, requires that all state and local governments make all public records available for public inspection and copying unless certain statutory exemptions apply. The provisions requiring disclosure of public records are interpreted liberally, while the exemptions from disclosure are narrowly construed, to effectuate a policy favoring disclosure.

The PRA contains a variety of exemptions from disclosure for financial, commercial, and proprietary information. One exemption is for financial and commercial information supplied to the State Investment Board relating to the investment of retirement funds when disclosure would result in loss of retirement funds or private loss to the provider of that information. Financial or commercial information supplied to the University of Washington (UW) relating to investments in private funds is exempt from disclosure if revealing the

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information would reasonably be expected to result in loss to the UW endowment or private loss to the provider of that information.

Municipal Retirement Systems. First class cities retirement systems were first authorized by state law in 1939. Seattle, Tacoma, and Spokane currently operate retirement systems for their municipal employees, collectively covering about 22,000 employees. Municipal retirement systems may invest funds in a variety of assets, including publicly traded stocks, bonds, and securities, as well as in privately managed funds.

Summary of Bill: Financial and commercial information relating to a municipal employee retirement board's investment in private funds is exempt from public disclosure if disclosure of that information would reasonably be expected to result in a loss to either the retirement fund or to providers of that information.

Two types of information relating to a municipal employee retirement board's investment in private funds are subject to public disclosure:

- the names of private funds and the amount of retirement fund investment in those funds; and
- the aggregate quarterly performance results for the retirement fund's investments in a private fund.

Appropriation: None.

Fiscal Note: Not requested.

Committee/Commission/Task Force Created: No.

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

Staff Summary of Public Testimony: PRO: This is an important bill for the effectiveness and strength of our municipal retirement systems.

Persons Testifying: PRO: Representative Fey, Prime Sponsor.

Persons Signed In To Testify But Not Testifying: PRO: Ken Nakatsu, City of Seattle Pension Fund Manager; Tim Allen, City of Tacoma Pension Fund Manager; Rowland Thompson, Allied Daily Newspapers of Washington; Timothy Allen, Tacoma Employees' Retirement System; Ken Nakatsu, Seattle City Employees Retirement System.