

FINAL BILL REPORT

SHB 1352

C 74 L 23

Synopsis as Enacted

Brief Description: Authorizing tribal investment in county investment pools.

Sponsors: House Committee on Local Government (originally sponsored by Representatives Stearns, Low, Cortes, Entenman, Couture, Ramel, Lekanoff, Pollet and Fosse).

House Committee on Local Government

Senate Committee on Local Government, Land Use & Tribal Affairs

Background:

County treasurers are responsible for handling and accounting for county funds. County treasurers are the designated custodians of all money belonging to the state or to a county until the funds have been dispersed. These funds cannot be placed in the possession of any other person, or used to provide a loan, but can be deposited in qualified banks or, with some qualifications, with credit unions.

The county treasurer may also invest funds that are not needed for immediate use. This investment can include county funds, the funds of special purpose districts that are held by the treasurer, and the funds of any local government, if the local government's governing body authorizes the investment and the funds to be invested are in the custody of the county treasurer or the local government's treasurer. These funds can be invested in the following financial instruments:

- savings accounts or time accounts, also known as certificates of deposit, in qualified banks and credit unions;
- certificates, notes, bonds, or other obligations of the United States, its agencies, or any corporation wholly owned by the United States government;
- bankers' acceptances, which are commitments by a bank to make future payments, purchased on the secondary market;
- federal home loan, land, and national mortgage associations' bank notes and bonds;
- the obligations of any government-sponsored corporation whose obligations are or may become eligible as collateral for advances to member banks, as determined by

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- the federal reserve system; or
- savings, money market, or time accounts other than those represented by a negotiable or transferable certificate, that are adequately secured by collateral.

The county treasurer or local government treasurer may charge an investment service fee equal to 5 percent of the earnings, with an annual maximum of \$50, on each transaction authorized by a local government's governing body when the earnings become available to the governing body. This fee may be waived if it is \$5 or less.

If the county treasurer or local government's governing body determines that any purchased securities should be sold prior to their maturity date, the governing body can direct the county treasurer to sell or redeem the securities for their current market value.

If a local government's funds are in the custody or control of the county treasurer, are not needed for immediate use, and the governing body of the local government has not taken any action for the investment of the funds, the county treasurer must invest the funds under the county's investment policy. The interest and earnings from these investments accrue to the county and can be used for general county purposes.

Local governments may request that their money invested by the county treasurer be combined for investment in an investment pool. The costs of establishing and initially administering the investment pool, including employee compensation, the cost of materials, and other services specific to the administration of the investment pool, may be deducted from the funds in order to reimburse the county treasurer for the direct out-of-pocket expenses incurred. Any payments to local governments must be made in a way that equitably reflects the differing amounts and lengths of investment of the local government funds in the county investment pool.

The state also operates an investment pool for local governments. This fund is operated by the State Treasurer, with the Treasurer directed to operate the fund so as to maximize the yield to the investment pool while exercising prudence, discretion, and intelligence. Tribal officials of a federally recognized tribe that have been designated by tribal constitution, ordinance, or resolution as having the authority to invest tribal funds may invest tribal funds into the state pool, as long as the tribe warrants that federal approval for the investment has been given or is not needed and that the funds are not immediately needed to meet current demands.

There are 29 federally recognized tribes in Washington.

Summary:

Subject to the approval of the county treasurer and the tribe's entry into an intergovernmental agreement for investment, investments from tribal governments in investment pools operated by the county treasurer are allowed on the same terms and

conditions as local governments' investments in the pool. The investment may be made by a tribal officer who has been designated by tribal constitution, ordinance, or resolution as having the authority to invest tribal funds. The funds invested must be in the control or custody of the tribe, and the tribe must warrant that federal approval for the investment has been given or is not needed, and that the funds are not immediately needed to meet current demands.

Votes on Final Passage:

House 96 0

Senate 48 0

Effective: July 23, 2023