

# HOUSE BILL REPORT

## SSB 5231

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**As Reported By House Committee On:**  
Local Government

**Title:** An act relating to duties of the county treasurer pertaining to treasury management.

**Brief Description:** Revising the duties of the county treasurer pertaining to management of debt.

**Sponsors:** Senate Committee on State & Local Government (originally sponsored by Senators Hale, Winsley and Snyder).

**Brief History:**

**Committee Activity:**

Local Government: 3/25/99, 3/29/99 [DP].

**Brief Summary of Substitute Bill**

- Alters the authority and responsibility of county treasurers to manage funds and debts.

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### HOUSE COMMITTEE ON LOCAL GOVERNMENT

**Majority Report:** Do pass. Signed by 6 members: Representatives Mulliken, Republican Co-Chair; Scott, Democratic Co-Chair; Mielke, Republican Vice Chair; Ericksen; Fisher and Fortunato.

**Staff:** Scott MacColl (786-7106).

**Background:**

County treasurers have the authority to invest funds from units of local governments that are not required for immediate needs. Local governments may request that the county treasurer combine their moneys in a county investment pool, and the county treasurer is authorized to deduct an amount for reimbursement for the expenses incurred by the county to establish the pool.

County treasurers are also authorized to invest state and local funds in bonds, warrants, mutual funds and money market funds. County treasurers have the authority to make investments, however the authority to redeem investments prior to stated maturity is not specified. The county investment policy must be approved by the county finance committee, which is made up of the county treasurer, auditor, and the chair of the legislative authority as an ex-officio member. However, there is no requirement for approval of a county debt policy.

The county treasurer must issue a certificate of delinquency for purposes of foreclosure of liens on unpaid property taxes, which must include taxes, interest and costs of any assessments. Bids on a tax judgment sale of foreclosed property by the county treasurer must include at minimum the total taxes, interest, penalties and cost. An appeal of a tax judgement must be made within 30 days, and the party making such appeal must deposit a sum to the court equal to the total taxes, interest, penalties and cost of the property.

School districts may direct the county treasurer to invest school district funds in only specified investment deposits or U.S. government obligations with all earnings inuring to school funds specified by the school board. However, school districts do not currently have the authority to invest funds that are not necessary for immediate needs in a county investment pool, or higher risk investments. Any interest earned that is not credited to the fund that earned the interest must be spent for instructional supplies, equipment or capital outlays. The school district is charged an investment service fee by the county treasurer for each transaction completed up to 5 percent of the interest earnings, with an annual minimum of \$10 up to a maximum of 50.

A Public Utilities District (PUD) treasurer, that is not also the county treasurer, is required by the PUD commission to retain a bond to protect the district against loss.

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**Summary of Bill:**

School districts' board of directors are empowered to invest funds not required for the immediate necessity of the school district in the county investment pool, and shall pay an investment service fee for costs incurred by the county to set up an investment pool. Also, these funds may be invested in bonds, warrants, mutual funds and money market funds in the same manner as state and local investments. The school board pays a investment service fee for each resolution in which the board directs the county treasurer to perform a transaction.

School district moneys in the capital projects fund which are not required for immediate necessity that are invested are not limited to U.S. government securities, and may be invested in the same manner as city or town excess or inactive funds.

The governing body of a municipal corporation is authorized to direct the county treasurer by resolution to sell or redeem investments prior to their state maturity dates at no less than market value and accrued interest. School districts are included by inference, as they are considered a municipal corporation.

The finance committee of a county is granted authority over debt policy, and is required to approve the county debt policy effective January 1, 2000.

Interest on certificates of delinquency of unpaid property taxes issued by the county treasurer are to include interest and penalties, unless the context requires otherwise. Penalties are removed from the minimum bid on a tax judgment sale, and the sum required to deposit with the court for an appeal of a tax judgement.

A PUD commission is no longer required to demand that a PUD treasurer obtain a bond if the PUD treasurer is not also the county treasurer.

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**Appropriation:** None.

**Fiscal Note:** Not requested.

**Effective Date:** Ninety days after adjournment of session in which bill is passed, except for Section 5 which takes effect on January 1, 2000.

**Testimony For:** This would provide two areas that would help county treasurers manage debt. It would provide consistency in terms of investments, and would offer better debt policies. This is part of continuing efforts for good fiscal management for county treasurers because it forces counties to look at long range strategic planning. Section 6 of the bill makes a change in Public Utility District commissions to allow, rather than require, a bond for a PUD treasurer. The commission already insures the office, and now bonds are costly and hard to find.

**Testimony Against:** None.

**Testified:** Doug Lasher, Clark County Treasurer, Washington Association of County Treasurers; Darwin Parker, Benton County Treasurer, Washington Association of County Treasurers; and Lew McMurrin, Washington Public Utility District Association.