

SENATE BILL REPORT

SB 5258

As Passed Senate, March 8, 1999

Title: An act relating to the state investment board.

Brief Description: Authorizing the state investment board to directly order actions relating to securities.

Sponsors: Senators Snyder, Sellar, Winsley and Prentice; by request of State Investment Board.

Brief History:

Committee Activity: Commerce, Trade, Housing & Financial Institutions: 2/4/99, 2/9/99 [DP].

Passed Senate, 3/8/99, 46-0.

SENATE COMMITTEE ON COMMERCE, TRADE, HOUSING & FINANCIAL INSTITUTIONS

Majority Report: Do pass.

Signed by Senators Prentice, Chair; Shin, Vice Chair; Benton, Deccio, Gardner, Hale, Heavey, Rasmussen, T. Sheldon and Winsley.

Staff: Susan Jones (786-7784)

Background: The Legislature created the Washington State Investment Board (SIB) in 1981. The SIB is responsible for safeguarding and investing public trust funds and retirement funds.

The State Treasurer may register the SIB's securities in the name of a nominee, often a custodian bank. Under current law, the custodian bank is required to take instructions regarding the securities from the State Treasurer on the direction of the SIB. It may be less efficient to include the State Treasurer in the process of the instructions because the SIB generally makes these decisions. The SIB is also required to provide the accounting and reporting functions of securities transactions, which was previously the responsibility of the State Treasurer.

Summary of Bill: The custodian bank is required to take instructions regarding securities directly from the SIB.

Appropriation: None.

Fiscal Note: Not requested.

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

Testimony For: This bill is a clean-up bill. In 1992, when the investment accounting function was transferred from the State Treasurer to the SIB, this statute should also have been modified. Since SIB personnel settles the security trades, they are the ones who have been communicating with the custodial bank rather than the Treasurer's office. The Treasurer is in agreement with this change and removing the Treasurer from the loop.

Testimony Against: None.

Testified: James Parker, Director of State Investment Board (pro).