



Bob Ferguson
ATTORNEY GENERAL OF WASHINGTON

Administration Division
PO Box 40100 • Olympia, WA 98504-0100 • (360) 753-6200

April 30, 2020

The Honorable Kim Wyman
ATTN: Lori Augino
PO Box 40229
Olympia, WA 98504-0229

Re: Ballot Title and Explanatory Statement for ESJR 8212

Dear Secretary Wyman:

In accordance with RCW 29A.36.020 and RCW 29A.32.040, we supply herewith the Ballot Title and Explanatory Statement for ESJR 8212:

Ballot Title

Statement of Subject: The legislature has proposed a constitutional amendment on investment of public funds.

Concise Description: This amendment would allow public money held in a fund for long-term care services and supports to be invested by governments as authorized by state law, including investments in private stocks.

Should this constitutional amendment be:

- Approved
- Rejected

EXPLANATORY STATEMENT

The Constitutional Provision As It Presently Exists

The Washington Constitution generally prohibits investing public money in the stock of private companies. This means that state and local governments are limited to investing public funds in fixed-income securities, such as government and corporate bonds and certificates of deposit.

ATTORNEY GENERAL OF WASHINGTON

April 30, 2020
Page 2

The Constitution currently exempts several funds from this restriction. This exemption applies to any public pension or retirement fund, the industrial insurance trust fund, and money held in trust for the benefit of people with developmental disabilities. The exemption allows state and local governments to invest money held in those funds as authorized by law, including by investing in stock as authorized by the Legislature.

In 2019, the Legislature enacted a law providing for long-term care insurance. Under that law, employees will pay premiums for state-sponsored long-term care benefits through a payroll deduction, beginning January 1, 2022. Those premiums will be deposited into a new Long-Term Services and Supports Trust Account (Trust Account). Under current law, money held in the Trust Account could not be invested in stocks.

The Effect Of The Proposed Amendment If Approved

This Amendment would add the Trust Account to the list of funds that are exempt from the prohibition against investing public money in private stocks. This would allow money in the Trust Account to be invested in stock if the Legislature authorizes that form of investment.

Sincerely,

s/ Jeffrey T. Even
JEFFREY T. EVEN
Deputy Solicitor General
(360) 586-0728