

MINUTES
HOUSE STATE AFFAIRS COMMITTEE

DATE: Thursday, February 18, 2016

TIME: 9:00 A.M.

PLACE: Room EW40

MEMBERS: Chairman Loertscher, Vice Chairman Batt, Representatives Andrus, Luker, Crane, Palmer, Sims, Barbieri, Holtzclaw, McMillan, Bateman, Cheatham, Nielsen, Smith, Jordan, McCrostie, Wintrow

**ABSENT/
EXCUSED:** Representative(s) Crane

GUESTS: None.

Chairman Loertscher called the meeting to order at 9:00 a.m.

MOTION: **Rep. Holtzclaw** made a motion to approve the minutes of the February 15, 2016 meeting. **Motion carried by voice vote.**

H 464: **Jace Perry**, State Treasurer's Office, presented **H 464**, a bill that addresses a gap in the code concerning investment of funds not within the definition of Idle funds of the State of Idaho. He stated the Treasurer currently has no clear statutory authority to invest funds of the land grant endowments and other funds held in trust by the State. He stated Trust funds include settlement for reclamation of mining sites, an endowment for the Ritter Island State Park, funds in the State Insurance Fund reserve, funds held for veterans residing at the state veterans home, and PERSI money processed for payout to retirees but not yet distributed. He stated at the direction of the agencies overseeing such funds, the Office of the Treasurer has been investing the funds as if they were Idle funds for decades. He stated all of the agencies surveyed are in support of codifying the Treasurer's authority to continue this practice. He stated the legislation strikes confusing language exempting public endowments from the Treasurer's authority in Section 67-1201 and 1210, Idaho Code and creates two new sections.

He stated the new language also addresses investment of land grant endowments within Section 67-1202, Idaho Code. He stated the amendment recognizes and implements the Idaho Supreme Court's decision in State of Idaho v. Moon, 96 Idaho 140 (1974). He stated the revised language maintains the legislature's designation of the Endowment Fund Investment Board as the agency with authority to select investments for public endowments, and the Treasurer's constitutional role as the custodian of the Public School Permanent Endowment Fund. The amendment would allow the Treasurer, at the request of the Endowment Fund Investment Board, to invest public endowment funds consistent with the provisions of the Prudent Investor Act.

He stated the new section in 67-1227, Idaho Code is added to address trust and endowment funds not within the revised Section 67-1202. Examples of these funds are the Bunker Hill settlement funds and the State Insurance Fund reserve. He stated no new investments are authorized by the legislation and the costs of investment are paid by the agency or by the funds invested. He stated the new section in 67-1228, Idaho Code establishes a fund to hold costs paid for investment and administrative services paid pursuant to this legislation and other existing code provisions. He stated the monies in this fund, or a fund designated by the agency, will be used to pay investment and administration costs of the permitted investments outside of the Idle funds and the General Fund will not pay for such costs.

In response to committee questions, **Julie Weaver**, Attorney General, Treasurer's Office, stated the original language in Title 67, Chapter 12, Idaho Code honors the Land Board as the trustee of Idle funds which the legislation reflects.

MOTION: **Rep. Nielsen** made a motion to send **H 464** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote.** **Rep. Nielsen** will sponsor the bill on the floor.

ADJOURN: There being no further business to come before the committee, the meeting was adjourned at 9:25 a.m.

Representative Loertscher
Chair

Kasey Winder
Secretary