



SENATE JOINT RESOLUTION 8212

PROPOSED CONSTITUTIONAL AMENDMENT

Note: The ballot title and explanatory statement were written by the Attorney General as required by law. The complete text of Senate Joint Resolution 8212 begins on page 17.

Vote cast by the 1987 Legislature on final passage:
HOUSE: Yeas, 97; Nays, 1; Absent or not voting, 0.
SENATE: Yeas, 45; Nays, 2; Absent or not voting, 2.

Official Ballot Title:
Shall state constitutional restrictions, which prevent investment of some permanent public land funds in stocks and private lending, be removed?

The law as it now exists:

The Washington State Constitution and state and federal law have created permanent funds which receive revenue from certain public lands. Those funds include as beneficiaries common schools, universities, normal schools, agricultural, and scientific purposes. Each fund makes investments to generate

income, however, these permanent funds have been constitutionally restricted from investing in stock or making any investments which could be construed as a lending of credit to a private party. In 1966 the voters approved the forty-fourth amendment to the state constitution removing that restriction for the permanent common school fund and permitting those funds to be invested as authorized by law. The other permanent funds, however, continue to have the original constitutional restrictions upon investments.

ject those funds to the same limitation as the permanent common school fund i.e., the Legislature would be authorized to determine what will be a proper investment of those funds.

The effect of SJR 8212, if approved into law:

SJR 8212 would remove the constitutional restrictions on the investment of the public land permanent funds and sub-

Statement for

HELPS HIGHER EDUCATION

Our public universities, like the common schools, historically have benefited from trust funds created by the state constitution. These funds help support capital construction for all public education, kindergarten through graduate school.

When the funds were created, their investment was limited to specified, fixed security instruments, such as federal, state, county, municipal or school district bonds. To increase investment flexibility and potentially to improve returns on these funds, Washington voters have amended the Constitution three times: to enhance the Permanent Common School (K-12) Fund, state pension funds, and state industrial insurance funds.

REDUCES TAXPAYER LIABILITY

SJR 8212 provides this same kind of investment flexibility for our public higher education trust funds which benefit the University of Washington, Washington State University, Central Washington University, Eastern Washington University and Western Washington University. It simply permits the state to invest balances in these funds "in any manner allowed by law," including investing in equity instruments, such as common stocks. This could both *improve the rate of return on these funds* and *reduce the need for more taxes or increased bonded indebtedness*.

PROTECTS PUBLIC TRUST

SJR 8212 *does not require* investing higher education trust funds in stocks. It merely provides the opportunity to

do so, but within carefully prescribed laws established to safeguard all investments of public funds. This resolution authorizes wiser money management and permits expansion of our investment flexibility.

VOTE YES ON SJR 8212; IT'S THE PRUDENT VOTE TO CAST

Rebuttal of Statement against

Don't be misled by alarmist rhetoric. Since 1981, the State Investment Board has earned more than a 17 percent return on state pension and accident insurance funds by exercising -- within statutory safeguards -- investment flexibility identical to that which SJR 8212 allows for higher education trust funds.

SJR 8212 has overwhelming support from both political parties -- 97% of the Legislature voted for it.

Support higher education; reduce the drain on taxpayers.

Vote YES on 8212!

Voters' Pamphlet Statement Prepared by:

MARCUS S. GASPARD, State Senator; E.G. "PAT" PATTERSON, State Senator; KEN JACOBSEN, State Representative.

Advisory Committee: ROBERT S. O'BRIEN, State Treasurer; BRIAN BOYLE, State Commissioner of Public Lands; LAWRENCE KENNEY, President, Washington State Labor Council, AFL-CIO; Delores Teutsch; Edwin McWilliams.

Statement against

VOTE NO - The state should be prudent and sensible with public trust fund money.

ENOUGH IS ENOUGH

Currently, other state trust fund money is invested in leveraged buyouts, venture capital, the stock market and real estate. This is gambling with our state money. Do not expose more public funds to these sophisticated and high risk investments. This is happening now - stop it by voting No.

RISKY BUSINESS

Recently some of our state trust fund money was used to buy a Bellevue office park. The state of Washington should not be involved in commercial real estate. This is not what might happen if constitution limitations are removed, this is what is happening now with other trust fund money.

FOUNDERS WERE RIGHT

State founders put restrictions on the use of the state's money and use of the state's credit. This change removes these prudent limitations. The opportunity for conflict of interest, corruption, middlemen, and losing great sums of money increase tenfold when restrictions are removed.

STOP IT NOW

Right now the state invests trust fund money in leveraged buyouts, venture capital, and real estate. Close this "Pandora's Box" approach to investing - *VOTE NO*.

Rebuttal of Statement for

Increasing the flexibility of trust fund investments will not benefit the taxpayer. In fact it will hurt the taxpayer if the investments turn into losses. This would create pressure to raise taxes to make up for the losses.

Leveraged buyouts and venture capital investments are investing in corporations and are potentially the lending of state credit. Protect school trust funds -- *VOTE NO*.

Voters' Pamphlet Statement Prepared by:

MICHAEL HEAVEY, State Representative; JACK METCALF, State Senator.

Advisory Committee: WAYNE O. GAFFNEY, Mercer Island; JAMES L. GOBLE, Seattle; WILLIAM FINKBEINER, Kirkland; SIDNEY STARR, Bellevue.



COMPLETE TEXT OF Senate Joint Resolution 8212

BE IT RESOLVED, BY THE SENATE AND HOUSE OF REPRESENTATIVES OF THE STATE OF WASHINGTON, IN LEGISLATIVE SESSION ASSEMBLED:

THAT, At the next general election to be held in this state there shall be submitted to the qualified voters of the state for their approval and ratification, or rejection, an amendment to Article XVI, section 5 of the Constitution of the state of Washington to read as follows:

Article XVI, section 5. Notwithstanding the provisions of sections 5 and 7 of Article VIII and section 9 of Article XII or any other section or article of the Constitution of the state of Washington, the permanent common school fund and other public land permanent funds of this state may be invested as authorized by law.

BE IT FURTHER RESOLVED, That the secretary of state shall cause notice of the foregoing constitutional amendment to be published at least four times during the four weeks next preceding the election in every legal newspaper in the state.



COMPLETE TEXT OF House Joint Resolution 4212

BE IT RESOLVED, BY THE SENATE AND HOUSE OF REPRESENTATIVES OF THE STATE OF WASHINGTON, IN LEGISLATIVE SESSION ASSEMBLED:

THAT, At the next general election to be held in this state there shall be submitted to the qualified voters of the state for their approval and ratification, or rejection, an amendment to Article II of the Constitution of the state of Washington by repealing section 4 thereof and amending Article II, section 5 and Article II, section 6 of the state Constitution to read as follows:

Article II, section 4. Section 4, Article II of the Constitution of the state of Washington is repealed.

Article II, section 5. ~~((The next election of the members of the house of representatives after the adoption of this Constitution shall be on the first Tuesday after the first Monday of November, eighteen hundred and ninety, and thereafter, members of the house of representatives shall be elected biennially and their term of office shall be two years; and each election shall be on the first Tuesday after the first Monday in November, unless otherwise changed by law.))~~ Members of the house of representatives shall be elected for terms of four years with as near to one-half of their number as is mathematically possible retiring every two years. At the general election to be held on the first Tuesday next succeeding the first Monday in November 1988, the candidate in each representative district who receives the greatest number of votes shall be elected for a term of four years and thereafter for a term of four years, and at the same election the winning candidate in each representative district who receives the second highest number of votes shall be elected for a term of two years and thereafter for a term of four years.

Elections of the members of the house of representatives shall be on the first Tuesday after the first Monday of November in each even-numbered year unless otherwise changed by law. Persons elected to the house of representatives shall serve four-year terms unless they resign or seek other legislative office.

Article II, section 6. ~~((After the first election))~~ The senators shall be elected by single districts of convenient and contiguous territory, ~~((at the same time and))~~ in the same manner as members of the house of representatives are required to be elected; and no representative district ~~((shall))~~ may be divided in the formation of a senatorial district. They shall be elected for ~~((the))~~ terms of ~~((four))~~ six years, ~~((one-half))~~ with as near to one-third of their number retiring every two years. The senatorial districts shall be numbered consecutively, and ~~((the senators chosen at the first election had by virtue of this Constitution; in odd numbered districts, shall go out of office at the end of the first year; and the senators, elected in the even numbered districts, shall go out of office at the end of the third year))~~ shall be divided into three groups: The first group to consist of every first district, the second to consist of every second district, and the third to consist of every third district. For those districts in which senators are to be elected in 1988 the term of office shall be four years for each district in the first and second groups and six years for each district in the third group; and thereafter in each district the term of office shall be six years. For those districts in which senators are to be elected in 1990, the term of office shall be four years for each district in the first group and six years for each district in the second and third groups; and thereafter in each district the term of office shall be six years.

BE IT FURTHER RESOLVED, That the secretary of state shall cause notice of the foregoing constitutional amendment to be published at least four times during the four weeks next preceding the election in every legal newspaper in the state.



COMPLETE TEXT OF House Joint Resolution 4220

BE IT RESOLVED, BY THE SENATE AND HOUSE OF REPRESENTATIVES OF THE STATE OF WASHINGTON, IN LEGISLATIVE SESSION ASSEMBLED:

THAT, At the next general election to be held in this state there shall be submitted to the qualified voters of the state for their approval and ratification, or rejection, an amendment to Article IX, section 3 and an amendment to Article VII, section 2 of the Constitution of the state of Washington to read as follows:

Article IX, section 3. (1) The principal of the permanent common school fund as the same existed on June 30, 1965, and including any revenue dedicated to the fund from a state property tax shall remain permanent and irreducible.

(2) The ~~((said))~~ permanent common school fund shall consist of the principal amount ~~((thereof existing on June 30, 1965))~~ under subsection (1) of this section, and such additions thereto as may be derived after June 30, 1965, from the following named sources, to wit: Appropriations and donations by the state to this fund; donations and bequests by individuals to the state or public for common schools; the proceeds of lands and other property which revert to the state by escheat and forfeiture; the proceeds of all property granted to the state when the purpose of the grant is not specified, or is uncertain; funds accumulated in the treasury of the state for the disbursement of which provision has not been made by law; the proceeds of the sale of stone, minerals, or property other than timber