



# HOUSE JOINT RESOLUTION 4202

## PROPOSED CONSTITUTIONAL AMENDMENT

### Vote cast by the 2001 Legislature on final passage:

Senate: Yeas, 45; Nays, 2; Absent, 2; Excused, 0.

House: Yeas, 94; Nays, 0; Absent, 4; Excused, 0.

## Official Ballot Title:

The Legislature has proposed a constitutional amendment on the investment of state funds. This amendment would grant increased discretion to the Legislature in deciding how to invest state funds. Funds under the authority of the state investment board could be invested as determined by state statute.

Should this constitutional amendment be:

Approved [ ] Rejected [ ]

Note: The ballot title and explanatory statement were written by the Attorney General as required by law. The complete text of House Joint Resolution 4202 begins on page 20.

### Argument For

#### HJR 4202 PROVIDES A BETTER RETURN FOR TAXPAYERS

The State Investment Board is responsible for managing many trust funds, including funds for retirees, injured workers and persons with disabilities. State law allows 97% of this money to be invested in a way that gives taxpayers a higher rate of return – but the investment of 3% of this money is restricted. HJR 4202 will remove these restrictions, allowing the State Investment Board to seek greater security and a higher rate of return through diversification for all funds it invests.

#### HJR 4202 WILL SAVE TAXPAYER DOLLARS NOW AND IN THE FUTURE

Taxpayers deserve the highest rate of return possible. HJR 4202 will permit a wider variety of investments. These investments will be managed by investment professionals, who are bound by the highest fiduciary and investment standards. Higher investment earnings means more money is available and fewer tax dollars are needed.

#### VOTERS HAVE APPROVED SIMILAR CHANGES IN THE PAST – HJR 4202 FINISHES THE JOB

Voters have approved this type of change three times, helping retirees, injured workers and persons with disabilities. HJR 4202 completes the job. It simply applies the same standard to the remaining 3% of funds managed by the State Investment Board. This is a fair and common sense proposal.

### Rebuttal of Argument Against

HJR 4202 has nothing to do with pension funds. It simply gives the state flexibility in the investment of 3% of its portfolio. The state already has this flexibility for 97% of the funds it manages.

The funds are invested safely by investment professionals. These professionals are held to strict ethical and fiduciary standards. They make investment decisions — they do not regulate companies.

Vote *yes* on HJR 4202 for safe and wise investments.

### Voters Pamphlet Argument Prepared by:

DAN EVANS, Governor (1965-77), U.S. Senator (1983-89); RALPH MUNRO, Secretary of State (1981-2001); MICHAEL J. MURPHY, State Treasurer; SID SNYDER, State Senator, Majority Leader; HELEN SOMMERS, State Representative, Democratic Co-chair, House Appropriations Committee; BARRY SEHLIN, State Representative, Republican Co-chair, House Appropriations Committee.

## The constitutional provision as it presently exists:

The Constitution generally places restrictions on the investment of public funds. Article VIII, sections 5 and 7, and article XII, section 9 generally prohibit the state from investing in the stock of any private association or company. Article XXIX, section 1, first approved by the voters in 1968, authorized the Legislature to permit broader investment of funds in public pension or retirement funds. By amendments approved in 1985 and in 2000, the Legislature has been granted the same broader authority for the industrial insurance trust fund and for trust funds held for the developmentally disabled.

## The effect of the proposed amendment, if it is approved:

The proposed amendment would add additional language to Article XXIX, section 1 of the state Constitution. The amendment would permit the Legislature to determine, by statute, which investments to allow for any funds or accounts placed by law under the investment authority of the State Investment Board. For these funds and accounts, the Legislature could, if it chose, permit investment in the stocks and bonds of private organizations and companies.

## Argument Against

### POSSIBILITY OF ETHICS VIOLATIONS

Currently, the investment board must ask you the taxpayers for their authority. Sometimes you have granted it, sometimes not. Voting *no* on HJR 4202 keeps you in the loop. More serious than increased risk to retirees is the possibility of ethics violations caused by allowing the state to both invest and regulate the same companies. The possibility for regulatory decisions affecting investment decisions or vice versa are considerable and any irregularities either real or supposed could undermine confidence in the entire system.

### SECURITY SHOULD BE THE FIRST PRIORITY

\$1.6 billion vanished in the Orange County bankruptcy of 1994, but Washington still holds the record of \$2.25 billion in the WPPSS debacle. Looking at the above sentence, it looks like just numbers on a page, but in reality it represents the hopes and dreams of thousands, even millions, of citizens.

HJR 4202 could mean higher returns; it also means higher risk. Putting public billions into the NASDAQ made sense in March 2000. It makes no sense today. It is June, and the NASDAQ is down. That proves the point. But if it turns up before the election, such volatility only demonstrates risk. Risk is where the money is made...and lost. When dealing with someone else's future, security should be the first priority.

HJR 4202 changes our Constitution. It allows increased risk and the possibility of ethics violation. If citizens want risk they can buy a lottery ticket. If they hope to retire they should vote *no* on HJR 4202.

For more information, call 509.765.8164.

## Rebuttal of Argument For

Proponents of HJR 4202 tantalize voters with "Greater security *and* a higher rate of interest" as if these two factors moved together rather than in opposite directions. Promising increased security *and* earnings should be a red flag for any investor. Earnings are the price of risk bearing. Incurring greater risk potentially increases earnings. Greater security likely decreases earnings. You can't have it both ways. Security must be the first concern. Vote *no* on HJR 4202.

### Voters Pamphlet Argument Prepared by:

HAROLD HOCHSTATTER, State Senator, 13<sup>th</sup> District;  
MARK SCHOESLER, State Representative, 9<sup>th</sup> District;  
VAL STEVENS, State Senator, 39<sup>th</sup> District.



## COMPLETE TEXT OF Initiative Measure 775 (cont.)

accordance with the plan of care.

(3) Each area agency on aging shall retain a record of each waiver of services included in a plan of care under this section.

(4) Each consumer has the right to direct and participate in the development of their plan of care to the maximum practicable extent of their abilities and desires, and to be provided with the time and support necessary to facilitate that participation.

(5) A copy of the plan of care must be distributed to the consumer's primary care provider, individual provider, and other relevant providers with whom the consumer has frequent contact, as authorized by the consumer.

(6) The consumer's plan of care shall be an attachment to the contract between the department, or their designee, and the individual provider.

(7) If the department or area agency on aging case manager finds that an individual provider's inadequate performance or inability to deliver quality care is jeopardizing the health, safety, or well-being of a consumer receiving service under this section, the department or the area agency on aging may take action to terminate the contract between the department and the individual provider. If the department or the area agency on aging has a reasonable, good faith belief that the health, safety, or well-being of a consumer is in imminent jeopardy, the department or area agency on aging may summarily suspend the contract pending a fair hearing. The consumer may request a fair hearing to contest the planned action of the case manager, as provided in chapter 34.05 RCW. When the department or area agency on aging terminates or summarily suspends a contract under this subsection, it must provide oral and written notice of the action taken to the authority. The department may by rule adopt guidelines for implementing this subsection.

(8) The department or area agency on aging may reject a request by a consumer receiving services under this section to have a family member or other person serve as his or her individual provider if the case manager has a reasonable, good faith belief that the family member or other person will be unable to appropriately meet the care needs of the consumer. The consumer may request a fair hearing to contest the decision of the case manager, as provided in chapter 34.05 RCW. The department may by rule adopt guidelines for implementing this subsection.

**NEW SECTION. Sec. 12.** In addition to the entities listed in RCW 41.56.020, this chapter applies to individual providers under sections 6 and 9 of this act.

**NEW SECTION. Sec. 13.** The authority established by this act is not subject to regulation for purposes of this chapter.

**NEW SECTION. Sec. 14.** The department must seek approval from the federal health care financing administration of any amendments to the existing state plan or waivers necessary to ensure federal financial participation in the provision of services to consumers under Title XIX of the federal social security act.

**NEW SECTION. Sec. 15. CODIFICATION.** Sections 1 through 9 of this act are each added to chapter 74.39A RCW. Section 12 of this act is added to chapter 41.56 RCW. Section 13 of this act is added to chapter 70.127 RCW. Section 14 of this act is added to chapter 74.09 RCW.

**NEW SECTION. Sec. 16. CAPTIONS.** Captions used in this act are not any part of the law.

**NEW SECTION. Sec. 17. SEVERABILITY.** If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected.



## COMPLETE TEXT OF Engrossed Senate Joint Resolution 8208

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 the secretary of state shall submit to the qualified voters of the state for their approval and ratification, or rejection, an amendment to Article IV, section 7 of the Constitution of the state of Washington to read as follows:

Article IV, section 7. The judge of any superior court may hold a superior court in any county at the request of the judge of the superior court thereof, and upon the request of the governor it shall be his or her duty to do so. A case in the superior court may be tried by a judge(;) pro tempore(~~(; who must be)~~) either with the agreement of the parties if the judge pro tempore is a member of the bar, is agreed upon in writing by the parties litigant(;) or their attorneys of record, and is approved by the court and sworn to try the case; or without the agreement of the parties if the judge pro tempore is a sitting elected judge and is acting as a judge pro tempore pursuant to supreme court rule. The supreme court rule must require assignments of judges pro tempore based on the judges' experience and must provide for the right, exercisable once during a case, to a change of judge pro tempore. Such right shall be in addition to any other right provided by law. However, if a previously elected judge of the superior court retires leaving a pending case in which the judge has made discretionary rulings, the judge is entitled to hear the pending case as a judge pro tempore without any written agreement.

BE IT FURTHER RESOLVED, That the secretary of state shall cause notice of this 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 4202

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 the secretary of state shall submit to the qualified voters of the state for their approval and ratification, or rejection, an amendment to Article XXIX, section 1 of the Constitution of the state of Washington to read as follows:

Article XXIX, section 1. 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 moneys of any public pension or retirement fund, industrial insurance trust fund, (~~(or)~~) fund held in trust for the benefit of persons with developmental disabilities, or any other fund or account placed by law under the investment authority of the state investment board may be invested as authorized by law.

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