

hay containing tansy ragwort in sufficient amounts to be injurious to the health of the animal that consumes it, is guilty of a misdemeanor.

(2) The director of agriculture shall adopt rules establishing the amount of tansy ragwort seed or tansy ragwort in hay that constitutes a violation of subsection (1) of this section. The department of agriculture shall, upon request of the buyer, inspect hay and charge fees, in accordance with chapter 22.09 RCW, to determine the presence of tansy ragwort.

NEW SECTION. Sec. 5. This act is necessary for the immediate preservation of the public peace, health, and safety, the support of the state government and its existing public institutions, and shall take effect immediately.

Passed the Senate March 6, 1979.

Passed the House March 2, 1979.

Approved by the Governor March 26, 1979.

Filed in Office of Secretary of State March 26, 1979.

## CHAPTER 119

[Senate Bill No. 2256]

### INVESTMENT ADVISORY COMMITTEE—MEMERS' CONFLICT OF INTEREST—CUSTODY, INVESTMENT OF FUNDS

AN ACT Relating to state funds; amending section 7, chapter 103, Laws of 1973 1st ex. sess. as last amended by section 3, chapter 251, Laws of 1977 ex. sess. and RCW 43.33.050; amending section 6, chapter 251, Laws of 1977 ex. sess. and RCW 43.33.110; and amending section 2, chapter 17, Laws of 1975-'76 2nd ex. sess. as amended by section 5, chapter 251, Laws of 1977 ex. sess. and RCW 43.84.150.

Be it enacted by the Legislature of the State of Washington:

Section 1. Section 7, chapter 103, Laws of 1973 1st ex. sess. as last amended by section 3, chapter 251, Laws of 1977 ex. sess. and RCW 43.33.050 are each amended to read as follows:

(1) There is hereby created the investment advisory committee to consist of eight members to be appointed as ~~((hereinafter))~~ provided~~((:))~~ in subsection (1) of this section.

~~((+))~~ (a) One person shall be appointed annually by the Washington public employees' retirement board. One person shall be appointed annually by the board of trustees of the Washington state teachers' retirement system. The original members appointed pursuant to this subsection shall serve for one year, measured from July 1 of the year in which the appointment is made.

~~((2))~~ (b) Five persons shall be appointed by the state finance committee, who shall be considered experienced and qualified in the field of investments. The original members appointed by the state finance committee shall serve as follows: One member shall serve a one-year term; one member shall serve for a term of two years; one member shall serve for a term of

three years; and one member shall serve for a term of four years. All subsequent state finance committee appointees shall serve for terms of four years. All such appointive terms shall commence on July 1 of the year in which appointment is made.

~~((3))~~ (c) The state actuary appointed under RCW 44.44.010 ((who)) shall be a member and shall serve for the period while holding the office of the state actuary.

(d) No member during the term of his or her appointment or for two years thereafter shall have a financial interest in or be employed by any investment brokerage or mortgage servicing firm doing business with the state finance committee: PROVIDED, That a trust department of any commercial bank or trust company organized under federal or state law shall not be considered a mortgage servicing firm for purposes of this section.

(e) All vacancies shall be filled for the unexpired term. Each member shall hold office until his successor has been appointed and any member may be reappointed for additional terms.

(2) The investment advisory committee shall meet at least quarterly at such times as it may fix.

(3) Each member shall receive fifty dollars for each day or portion thereof spent discharging his official duties as a member of the advisory committee and travel expenses as provided in RCW 43.03.050 and 43.03-.060 as now existing or hereafter amended.

Sec. 2. Section 6, chapter 251, Laws of 1977 ex. sess. and RCW 43.33-.110 are each amended to read as follows:

The state treasurer may cause any securities in which the state finance committee deals to be registered in the name of a nominee without mention of any fiduciary relationship, except that adequate records shall be maintained to identify the actual owner of the security so registered. The securities so registered shall be held in the physical custody of the state treasurer ~~((or his or her designee or designees))~~, the federal reserve system, the designee of the state treasurer, or at the election of the designee and upon approval of the state treasurer, the Depository Trust Company of New York City or its designees.

With respect to the securities, the nominee shall act only upon the order of the state treasurer who shall act only on the direction of the state finance committee. All rights to the dividends, interest, and sale proceeds from the securities and all voting rights of the securities shall be vested in the actual owners of the securities, and not in the nominee.

Sec. 3. Section 2, chapter 17, Laws of 1975-'76 2nd ex. sess. as amended by section 5, chapter 251, Laws of 1977 ex. sess. and RCW 43.84.150 are each amended to read as follows:

Except where otherwise specifically provided by law, the state finance committee and the director of retirement systems with the approval of those boards otherwise responsible for the management of their respective funds

shall have full power to invest and reinvest funds over which they have investment authority in the following classes of investments, and not otherwise, and to sell or exchange investments acquired in the exercise of that authority: PROVIDED, That the method of granting approval to the state finance committee and the director of retirement systems shall be determined by each board, respectively, in its sole discretion:

(1) Bonds, notes, or other obligations of the United States or its agencies, or of any corporation wholly owned by the government of the United States, or those guaranteed by, or for which the credit of the United States is pledged for the payment of the principal and interest or dividends thereof, or the obligation of any other government sponsored corporation whose obligations are or may become eligible as collateral for advances to member banks as determined by the board of governors of the federal reserve system.

(2) Bonds, debentures, notes, or other obligations issued, assumed, or unconditionally guaranteed by the international bank for reconstruction and development, the inter-American development bank, the Asian development bank, or by the federal national mortgage association; in addition to bonds, debentures, or other obligations issued by a federal land bank, or by a federal intermediate credit bank, under the act of congress of July 17, 1961, known as the "Federal Farm Loan Act", (as from time to time amended).

(3) First mortgages on unencumbered real property which are insured by the federal housing administration under the national housing act (as from time to time amended) or are guaranteed by the veterans' administration under the servicemen's readjustment act of 1944 (as from time to time amended), or are otherwise insured or guaranteed by the United States of America, or by an agency or instrumentality thereof to the extent that the investor protection thereby given is essentially the same as that as provided under the foregoing federal enactments.

(4) Conventional fee simple or leasehold first mortgages on real property located within the state of Washington.

(5) Bonds or other evidences of indebtedness of this state or a duly authorized authority or agency thereof; bonds, notes, or other obligations of any municipal corporation, political subdivision or state supported institution of higher learning of this state, issued pursuant to the laws of this state; obligations of any public housing authority or urban redevelopment authority issued pursuant to the laws of this state relating to the creation or operation of a public housing or urban redevelopment authority.

(6) Bonds, notes, or other obligations issued, guaranteed or assumed by any other state or municipal or political subdivision thereof.

(7) Bonds, debentures, notes or other full faith and credit obligations issued, guaranteed, or assumed as to both principal and interest by the government of the Dominion of Canada, or by any province of Canada, or by any city of Canada, which has a population of not less than one hundred

thousand inhabitants: PROVIDED, That the principal and interest thereof shall be payable in United States funds, either unconditionally or at the option of the holder: PROVIDED FURTHER, That such securities are rated "A" or better by at least one nationally recognized rating agency.

(8) Bonds, debentures, notes, or other obligations of any corporation duly organized and operating in any state of the United States: PROVIDED, That such securities are rated "A" or better by at least one nationally recognized rating agency.

(9) Capital notes, debentures, or other obligations of any national or state commercial or mutual savings bank doing business in the United States of America.

(10) Equipment trust certificates issued by any corporation duly organized and operating in any state of the United States of America: PROVIDED, That the bonds or debentures of the company are rated "A" or better by at least one nationally recognized rating agency.

(11) Commercial paper: PROVIDED, That it is given the highest attainable rating by at least two nationally recognized rating agencies.

(12) Subject to the limitations hereinafter provided, those funds created under chapters 2.10, 2.12, 41.24, 41.26, 41.32, 41.40, and 43.43 RCW and the accident reserve fund created by RCW 51.44.010 may be invested in the common or preferred stock or shares, whether or not convertible as well as convertible bonds and debentures of corporations created or existing under the laws of the United States, or any state, district or territory thereof: PROVIDED, That:

(a) The state finance committee and the director of retirement systems may, with the approval of the respective boards, either have the finance committee's staff manage the classes of investments defined by subsection (12) of this section or they may contract with an investment counseling firm or firms or the trust department of a national or state chartered commercial bank having its principal office or a branch in this state. The state finance committee and the director of retirement systems shall receive advice which shall become part of the official minutes of the next succeeding meeting of the committee and respective boards. No investment counseling firm shall be engaged in buying, selling or otherwise marketing securities in which commissions or profit credits arising from these activities accrue to the firm during the time of its employment by the boards. Nothing in the preceding sentence shall be deemed to apply to the marketing of bonds, notes or other obligations of the United States or any agency thereof, or of a state or any municipal or political subdivision thereof by a bank in the normal course of its business.

(b) Stock investments to include convertible preferred stock investments, and investments in convertible bonds and debentures shall not exceed twenty-five percent of the total investments (cost basis) of the system: PROVIDED, That in the case of the accident reserve fund created by RCW

51.44.030 such stock investments shall not exceed ten percent of the total investments.

(c) Investment in the stock of any one corporation shall not exceed five percent of the common shares outstanding.

(d) No single common stock investment, based on cost, may exceed two percent of the assets of the total investments (cost basis) of the system.

(e) Such corporation has paid a cash dividend on its common stock in at least eight of the ten years and in each of the last three years next preceding the date of investment.

(f) In the case of convertible bond, debenture, and convertible preferred stock investments, the common stock into which such investments are convertible otherwise qualifies as an authorized investment under the provisions of this section.

(13) Investments in savings and loan associations organized under federal or state law, insured by the federal savings and loan insurance corporation, and operating in this state, including investment in their savings accounts, deposit accounts; bonds, debentures and other obligations or securities, (except capital stock) which are insured or guaranteed by an agency of the federal government or by a private corporation approved by the state insurance commissioner and licensed to insure real estate loans in the state of Washington; savings deposits in commercial banks and mutual savings banks organized under federal or state law (~~(, insured by the federal deposit insurance corporation, and operating in this state: PROVIDED, That the investment of any one fund in the foregoing institutions shall not exceed the amount insured or guaranteed)~~).

(14) Appropriate contracts of life insurance or annuities from insurers duly organized to do business in the state of Washington, if and when such purchase or purchases would in the judgment of the board be appropriate or necessary to carry out the purposes of this chapter.

(15) Any obligation, equipment trust certificate, or interest in any obligation arising out of any transaction involving the sale of any equipment by, or the lease of any equipment from, any corporation engaged in the business of transportation or manufacturing, with its principal place of business located in Washington state, or by or from any wholly owned subsidiary of any such corporation, provided that either (a) the obligation shall be secured by ownership of the equipment or by a first mortgage or other security interest creating a first lien on such equipment or (b) the obligation shall be guaranteed by the United States government or any agency or instrumentality thereof or by a foreign government or any agency or instrumentality thereof or by any province of Canada.

(16) The sale of call options or the repurchase of sold call options where such options are fully covered by common stocks owned by the funds.

Subject to the above limitations, the trustees of the several funds shall authorize the state finance committee to make purchases, sales, exchanges,

investments, and reinvestments, of any of the securities and investments in which any of the funds created herein shall have been invested, as well as the proceeds of said investments and any money belonging to said funds.

Passed the Senate February 20, 1979.

Passed the House March 2, 1979.

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## CHAPTER 120

[Senate Bill No. 2069]

### MOTOR VEHICLES—RENEWAL LICENSE FEES—EXCISE TAX— ERRORS—REFUNDS, PAYMENTS

AN ACT Relating to motor vehicles; amending section 46.68.010, chapter 12, Laws of 1961 as amended by section 73, chapter 32, Laws of 1967 and RCW 46.68.010; and amending section 82.44.120, chapter 15, Laws of 1961 as last amended by section 95, chapter 278, Laws of 1975 1st ex. sess. and RCW 82.44.120.

Be it enacted by the Legislature of the State of Washington:

Section 1. Section 46.68.010, chapter 12, Laws of 1961 as amended by section 73, chapter 32, Laws of 1967 and RCW 46.68.010 are each amended to read as follows:

Whenever any license fee, paid under the provisions of this title, (~~shall have~~) has been erroneously paid, wholly or in part, the person paying the (~~same~~)fee, upon satisfactory proof to the director of (~~motor vehicles~~) licensing, shall be entitled to have refunded the amount so erroneously paid. A renewal license fee paid prior to the actual expiration date of the license being renewed shall be deemed to be erroneously paid if the vehicle for which the renewal license is being purchased is destroyed or permanently removed from the state prior to the beginning date of the registration period for which the renewal fee is being paid. Upon such refund being certified to the state treasurer by the director as correct and being claimed in the time required by law the state treasurer shall mail or deliver the amount of each refund to the person entitled thereto: PROVIDED, That no claim for refund shall be allowed for such erroneous payments unless filed with the director within thirteen months after such claimed erroneous payment was made.

Sec. 2. Section 82.44.120, chapter 15, Laws of 1961 as last amended by section 95, chapter 278, Laws of 1975 1st ex. sess. and RCW 82.44.120 are each amended to read as follows:

Whenever any person has paid a motor vehicle license fee, and together therewith has paid an excise tax imposed under the provisions of this chapter, and the director of (~~motor vehicles~~) licensing determines that the payor is entitled to a refund of the entire amount of the license fee as provided by law, then he shall also be entitled to a refund of the entire excise