

Washington Investment Trust Q&A

Answers based on [SB5995 \(2019\)](#) – see footnotes for specific sections

I. What is the Washington Investment Trust proposed in SB 5995 in 2019?

- The Washington Investment Trust is a public depository for state moneys or funds and authorized to manage and invest state moneys to facilitate infrastructure development programs.
- It's also named as a state co-operative public bank and accepts public funds from WA municipalities and its political subdivisions.
- It does not accept or dispense funds from ordinary citizens.
- The WIT, unlike a commercial bank, would be owned by the people of Washington State and all proceeds would go back into the state general fund for Washington State infrastructure systems.¹

II. Who will oversee the WIT?

A commission would be established to act as the governing body of the trust, comprised of 5 elected officials. These officials would be: the Governor, the Lieutenant Governor, the Attorney General, the State Treasurer, and the State Auditor. The commission will in turn appoint a trust President, and the Governor will appoint 11 persons to the role of advisory board.²

III. How would the WIT function differently from the use of a private banks account?

Currently, commercial banks lend Washington State large amounts of money to fund state infrastructure programs, and the State is expected to pay back this money with interest. If the WIT were the lender instead, the interest accrued could go directly back to the State in the form of income,³ rather than expense.

IV. What benefits will it bring to the people of Washington?

The creation of a public banking institute has the potential to not only increase Washington State's capacity to build public infrastructure systems (see III), but to also provide long term financial security and stability to the state. Rather than improving public infrastructure at the expense of the state, the state's investment in public infrastructure would return to the state a stream of revenue that could continue to build our capacity for public projects. This stability would also give us the ability to plan further ahead than we have previously been able to, enabling us to take a long-term approach to every project.

V. What are opposing views of establishing a public banking institution?

- The legal and constitutional barriers: the creation of a public depository institution could potentially take a long time to fully develop and implement. Since the barriers are not only state but also federal, this would require long-term, bi-partisan support, and a patient outlook in order to achieve.
- State programs for similar purposes already exist: there are programs operated by the Office of the State Treasurer that already address some infrastructure growth for municipalities within the state, such as the LOCAL program and the State Lease/Purchase Program, as well as the Public Works Assistance Account.
- Risk of political influence: this issue is not fully addressed within the current bill SB 5995 (although RCW 42.52 does address broadly matters of ethics in public service, and this is referenced in the bill).

- Associated initial cost is too high: there would have to be a significant amount to invest in order to establish the WIT.

VI. If SB 5995 is passed in its current form, when will the WIT be in full effect?

The timeline given in SB5995 was about 1 year from the end of the legislative session 2018-19. However, the bill was not passed, and will now have to be introduced in the next legislative session. If the bill were to pass in legislative session 2019-20 and the timeline for establishment would remain unchanged, and we could expect the WIT to be fully establish in July 2021.

Lingering Questions:

1. Where does the money to establish the WIT come from?
2. What specific functions would the money in the WIT be used for? Possible solution: The specific functions can be spelled out in the bill?
3. How would the creation of the WIT impact the state budget, revenue and deficit? When will WIT start making a profit?
4. How can WIT be protected from political influence? Possible solution: Through the oversight of a five commission members and appointed advisory board
5. What criteria will the WIT use to loan its fund? Possible solution: Bankers should run using existing formulas and risk assessments

(1) SB 5995 Section 6.3

(2) SB 5995 Sections 4.1, 12 & 13

(2) SB 5995 Section 4.1

(3) SB 5995 Section 1.1.d