

SENATE BILL REPORT

SB 6167

As Passed Senate, April 11, 2007

Title: An act relating to clarifying the director's authority to determine interest in certain public retirement systems.

Brief Description: Clarifying the director's authority to determine interest in certain public retirement systems.

Sponsors: Senators Pridemore, Zarelli and Prentice; by request of Department of Retirement Systems.

Brief History:

Committee Activity: Ways & Means: 3/26/07, 3/30/07 [DP].

Passed Senate: 4/11/07, 47-0.

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass.

Signed by Senators Prentice, Chair; Fraser, Vice Chair, Capital Budget Chair; Pridemore, Vice Chair, Operating Budget; Zarelli, Ranking Minority Member; Brandland, Carrell, Fairley, Hatfield, Hewitt, Hobbs, Honeyford, Keiser, Kohl-Welles, Oemig, Parlette, Rasmussen, Regala, Roach, Rockefeller, Schoesler and Tom.

Staff: Steve Jones (786-7440)

Background: The public retirement systems of the state are administered by the Department of Retirement Systems, the administrative head of which is the Director of Retirement Systems.

In 1992, the Legislature enacted legislation to simplify the funds established for the administration of the Teachers' Retirement System and the Public Employees' Retirement System. The legislation abolished the Public Employees' Income Fund and the Teachers' Retirement System Income Fund, funds which had been used to credit interest to members' accumulated retirement contributions. With the repeal of these two funds, language was also repealed that expressly established the discretion of the Director to determine the interest "amounts to be credited and the methods for distribution." Since 1992, the Director has continued to make these determinations pursuant to a more general statutory authority to credit interest "as the Director may determine."

Recent litigation has challenged the Director's discretion to determine the method and amount of interest to be credited to members' retirement contributions.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Summary of Bill: Statutory language is reinstated to expressly establish the authority of the Director of Retirement Systems to determine the method and amount of interest to be credited to member's retirement contributions. If interest is to be credited, it must be done at least quarterly.

Appropriation: None.

Fiscal Note: Not requested.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony: PRO: This bill will clarify the existing statutory authority of the Director of Retirement Systems by restoring statutory language that existed prior to 1992.

Persons Testifying: PRO: Dave Nelson, Department of Retirement Systems.