

2 SHB 1430 - S COMM AMD  
3 By Committee on Ways & Means

4 NOT ADOPTED 4/11/95

5 Strike everything after the enacting clause and insert the  
6 following:

7 "Sec. 1. RCW 41.40.010 and 1994 c 298 s 2, 1994 c 247 s 5, 1994 c  
8 197 s 23, and 1994 c 177 s 8 are each reenacted and amended to read as  
9 follows:

10 As used in this chapter, unless a different meaning is plainly  
11 required by the context:

12 (1) "Retirement system" means the public employees' retirement  
13 system provided for in this chapter.

14 (2) "Department" means the department of retirement systems created  
15 in chapter 41.50 RCW.

16 (3) "State treasurer" means the treasurer of the state of  
17 Washington.

18 (4)(a) "Employer" for plan I members, means every branch,  
19 department, agency, commission, board, and office of the state, any  
20 political subdivision or association of political subdivisions of the  
21 state admitted into the retirement system, and legal entities  
22 authorized by RCW 35.63.070 and 36.70.060 or chapter 39.34 RCW; and the  
23 term shall also include any labor guild, association, or organization  
24 the membership of a local lodge or division of which is comprised of at  
25 least forty percent employees of an employer (other than such labor  
26 guild, association, or organization) within this chapter. The term may  
27 also include any city of the first class that has its own retirement  
28 system.

29 (b) "Employer" for plan II members, means every branch, department,  
30 agency, commission, board, and office of the state, and any political  
31 subdivision and municipal corporation of the state admitted into the  
32 retirement system, including public agencies created pursuant to RCW  
33 35.63.070, 36.70.060, and 39.34.030.

34 (5) "Member" means any employee included in the membership of the  
35 retirement system, as provided for in RCW 41.40.023. RCW 41.26.045  
36 does not prohibit a person otherwise eligible for membership in the

1 retirement system from establishing such membership effective when he  
2 or she first entered an eligible position.

3 (6) "Original member" of this retirement system means:

4 (a) Any person who became a member of the system prior to April 1,  
5 1949;

6 (b) Any person who becomes a member through the admission of an  
7 employer into the retirement system on and after April 1, 1949, and  
8 prior to April 1, 1951;

9 (c) Any person who first becomes a member by securing employment  
10 with an employer prior to April 1, 1951, provided the member has  
11 rendered at least one or more years of service to any employer prior to  
12 October 1, 1947;

13 (d) Any person who first becomes a member through the admission of  
14 an employer into the retirement system on or after April 1, 1951,  
15 provided, such person has been in the regular employ of the employer  
16 for at least six months of the twelve-month period preceding the said  
17 admission date;

18 (e) Any member who has restored all contributions that may have  
19 been withdrawn as provided by RCW 41.40.150 and who on the effective  
20 date of the individual's retirement becomes entitled to be credited  
21 with ten years or more of membership service except that the provisions  
22 relating to the minimum amount of retirement allowance for the member  
23 upon retirement at age seventy as found in RCW 41.40.190(4) shall not  
24 apply to the member;

25 (f) Any member who has been a contributor under the system for two  
26 or more years and who has restored all contributions that may have been  
27 withdrawn as provided by RCW 41.40.150 and who on the effective date of  
28 the individual's retirement has rendered five or more years of service  
29 for the state or any political subdivision prior to the time of the  
30 admission of the employer into the system; except that the provisions  
31 relating to the minimum amount of retirement allowance for the member  
32 upon retirement at age seventy as found in RCW 41.40.190(4) shall not  
33 apply to the member.

34 (7) "New member" means a person who becomes a member on or after  
35 April 1, 1949, except as otherwise provided in this section.

36 (8)(a) "Compensation earnable" for plan I members, means salaries  
37 or wages earned during a payroll period for personal services and where  
38 the compensation is not all paid in money, maintenance compensation  
39 shall be included upon the basis of the schedules established by the

1 member's employer. Compensation that a member receives for being in  
2 standby status is also compensation earnable, subject to the conditions  
3 of this subsection. A member is in standby status when not being paid  
4 for time actually worked and only when both of the following conditions  
5 exist: (i) The member is required to be present at, or in the  
6 immediate vicinity of, a specified location; and (ii) the employer  
7 requires the member to be prepared to report immediately for work, if  
8 the need arises, although the need may not arise. Standby compensation  
9 is regular salary for the purposes of RCW 41.50.150(2).

10 (A) "Compensation earnable" for plan I members also includes the  
11 following actual or imputed payments, which are not paid for personal  
12 services:

13 (I) Retroactive payments to an individual by an employer on  
14 reinstatement of the employee in a position, or payments by an employer  
15 to an individual in lieu of reinstatement in a position which are  
16 awarded or granted as the equivalent of the salary or wage which the  
17 individual would have earned during a payroll period shall be  
18 considered compensation earnable and the individual shall receive the  
19 equivalent service credit;

20 (II) If a leave of absence is taken by an individual for the  
21 purpose of serving in the state legislature, the salary which would  
22 have been received for the position from which the leave of absence was  
23 taken, shall be considered as compensation earnable if the employee's  
24 contribution is paid by the employee and the employer's contribution is  
25 paid by the employer or employee.

26 (III) Assault pay only as authorized by RCW 27.04.100, 72.01.045,  
27 and 72.09.240;

28 (IV) Compensation that a member would have received but for a  
29 disability occurring in the line of duty only as authorized by RCW  
30 41.40.038; and

31 (V) Compensation that a member receives due to participation in the  
32 leave sharing program only as authorized by RCW 41.04.650 through  
33 41.04.670.

34 (B) "Compensation earnable" does not include:

35 (I) Remuneration for unused sick leave authorized under RCW  
36 41.04.340, 28A.400.210, or 28A.310.490;

37 (II) Remuneration for unused annual leave in excess of thirty days  
38 as authorized by RCW 43.01.044 and 43.01.041.

1 (b) "Compensation earnable" for plan II members, means salaries or  
2 wages earned by a member during a payroll period for personal services,  
3 including overtime payments, and shall include wages and salaries  
4 deferred under provisions established pursuant to sections 403(b),  
5 414(h), and 457 of the United States Internal Revenue Code, but shall  
6 exclude nonmoney maintenance compensation and lump sum or other  
7 payments for deferred annual sick leave, unused accumulated vacation,  
8 unused accumulated annual leave, or any form of severance pay.  
9 Compensation that a member receives for being in standby status is also  
10 compensation earnable, subject to the conditions of this subsection.  
11 A member is in standby status when not being paid for time actually  
12 worked and only when both of the following conditions exist: (i) The  
13 member is required to be present at, or in the immediate vicinity of,  
14 a specified location; and (ii) the employer requires the member to be  
15 prepared to report immediately for work, if the need arises, although  
16 the need may not arise. Standby compensation is regular salary for the  
17 purposes of RCW 41.50.150(2).

18 "Compensation earnable" for plan II members also includes the  
19 following actual or imputed payments, which are not paid for personal  
20 services:

21 (A) Retroactive payments to an individual by an employer on  
22 reinstatement of the employee in a position, or payments by an employer  
23 to an individual in lieu of reinstatement in a position which are  
24 awarded or granted as the equivalent of the salary or wage which the  
25 individual would have earned during a payroll period shall be  
26 considered compensation earnable to the extent provided above, and the  
27 individual shall receive the equivalent service credit;

28 (B) In any year in which a member serves in the legislature, the  
29 member shall have the option of having such member's compensation  
30 earnable be the greater of:

31 (I) The compensation earnable the member would have received had  
32 such member not served in the legislature; or

33 (II) Such member's actual compensation earnable received for  
34 nonlegislative public employment and legislative service combined. Any  
35 additional contributions to the retirement system required because  
36 compensation earnable under (b)(ii)(B)(II) of this subsection is  
37 greater than compensation earnable under (b)(ii)(B)(I) of this  
38 subsection shall be paid by the member for both member and employer  
39 contributions;

1 (C) Assault pay only as authorized by RCW 27.04.100, 72.01.045, and  
2 72.09.240;

3 (D) Compensation that a member would have received but for a  
4 disability occurring in the line of duty only as authorized by RCW  
5 41.40.038; and

6 (E) Compensation that a member receives due to participation in the  
7 leave sharing program only as authorized by RCW 41.04.650 through  
8 41.04.670.

9 (9)(a) "Service" for plan I members, except as provided in RCW  
10 41.40.088, means periods of employment in an eligible position or  
11 positions for one or more employers rendered to any employer for which  
12 compensation is paid, and includes time spent in office as an elected  
13 or appointed official of an employer. Compensation earnable earned in  
14 full time work for seventy hours or more in any given calendar month  
15 shall constitute one service credit month except as provided in RCW  
16 41.40.088. Compensation earnable earned for less than seventy hours in  
17 any calendar month shall constitute one-quarter service credit month of  
18 service except as provided in RCW 41.40.088. Only service credit  
19 months and one-quarter service credit months shall be counted in the  
20 computation of any retirement allowance or other benefit provided for  
21 in this chapter. Any fraction of a year of service shall be taken into  
22 account in the computation of such retirement allowance or benefits.  
23 Time spent in standby status, whether compensated or not, is not  
24 service.

25 (i) Service by a state employee officially assigned by the state on  
26 a temporary basis to assist another public agency, shall be considered  
27 as service as a state employee: PROVIDED, That service to any other  
28 public agency shall not be considered service as a state employee if  
29 such service has been used to establish benefits in any other public  
30 retirement system.

31 (ii) An individual shall receive no more than a total of twelve  
32 service credit months of service during any calendar year. If an  
33 individual is employed in an eligible position by one or more employers  
34 the individual shall receive no more than one service credit month  
35 during any calendar month in which multiple service for seventy or more  
36 hours is rendered.

37 (iii) A school district employee may count up to forty-five days of  
38 sick leave as creditable service solely for the purpose of determining  
39 eligibility to retire under RCW 41.40.180 as authorized by RCW

1 28A.400.300. For purposes of plan I "forty-five days" as used in RCW  
2 28A.400.300 is equal to two service credit months. Use of less than  
3 forty-five days of sick leave is creditable as allowed under this  
4 subsection as follows:

5 (A) Less than twenty-two days equals one-quarter service credit  
6 month;

7 (B) Twenty-two days equals one service credit month;

8 (C) More than twenty-two days but less than forty-five days equals  
9 one and one-quarter service credit month.

10 (b) "Service" for plan II members, means periods of employment by  
11 a member in an eligible position or positions for one or more employers  
12 for which compensation earnable is paid. Compensation earnable earned  
13 for ninety or more hours in any calendar month shall constitute one  
14 service credit month except as provided in RCW 41.40.088. Compensation  
15 earnable earned for at least seventy hours but less than ninety hours  
16 in any calendar month shall constitute one-half service credit month of  
17 service. Compensation earnable earned for less than seventy hours in  
18 any calendar month shall constitute one-quarter service credit month of  
19 service. Time spent in standby status, whether compensated or not, is  
20 not service.

21 Any fraction of a year of service shall be taken into account in  
22 the computation of such retirement allowance or benefits.

23 (i) Service in any state elective position shall be deemed to be  
24 full time service, except that persons serving in state elective  
25 positions who are members of the teachers' retirement system or law  
26 enforcement officers' and fire fighters' retirement system at the time  
27 of election or appointment to such position may elect to continue  
28 membership in the teachers' retirement system or law enforcement  
29 officers' and fire fighters' retirement system.

30 (ii) A member shall receive a total of not more than twelve service  
31 credit months of service for such calendar year. If an individual is  
32 employed in an eligible position by one or more employers the  
33 individual shall receive no more than one service credit month during  
34 any calendar month in which multiple service for ninety or more hours  
35 is rendered.

36 (iii) Up to forty-five days of sick leave may be creditable as  
37 service solely for the purpose of determining eligibility to retire  
38 under RCW 41.40.180 as authorized by RCW 28A.400.300. For purposes of  
39 plan II "forty-five days" as used in RCW 28A.400.300 is equal to two

1 service credit months. Use of less than forty-five days of sick leave  
2 is creditable as allowed under this subsection as follows:

3 (A) Less than eleven days equals one-quarter service credit month;

4 (B) Eleven or more days but less than twenty-two days equals one-  
5 half service credit month;

6 (C) Twenty-two days equals one service credit month;

7 (D) More than twenty-two days but less than thirty-three days  
8 equals one and one-quarter service credit month;

9 (E) Thirty-three or more days but less than forty-five days equals  
10 one and one-half service credit month.

11 (10) "Service credit year" means an accumulation of months of  
12 service credit which is equal to one when divided by twelve.

13 (11) "Service credit month" means a month or an accumulation of  
14 months of service credit which is equal to one.

15 (12) "Prior service" means all service of an original member  
16 rendered to any employer prior to October 1, 1947.

17 (13) "Membership service" means:

18 (a) All service rendered, as a member, after October 1, 1947;

19 (b) All service after October 1, 1947, to any employer prior to the  
20 time of its admission into the retirement system(~~(:—PROVIDED, That an~~  
21 ~~amount equal to the employer and employee contributions which would~~  
22 ~~have been paid to the retirement system on account of such service~~  
23 ~~shall have been paid to the retirement system with interest (as~~  
24 ~~computed by the department) on the employee's portion prior to~~  
25 ~~retirement of such person, by the employee or his or her employer,~~  
26 ~~except as qualified by RCW 41.40.023: PROVIDED FURTHER, That employer~~  
27 ~~contributions plus employee contributions with interest submitted by~~  
28 ~~the employee under this subsection shall be placed in the employee's~~  
29 ~~individual account in the employees' savings fund and be treated as any~~  
30 ~~other contribution made by the employee, with the exception that the~~  
31 ~~contributions submitted by the employee in payment of the employer's~~  
32 ~~obligation, together with the interest the director may apply to the~~  
33 ~~employer's contribution, shall be excluded from the calculation of the~~  
34 ~~member's annuity in the event the member selects a benefit with an~~  
35 ~~annuity option)) for which member and employer contributions have been~~  
36 paid under section 2 or 3 of this act;

37 (c) Service not to exceed six consecutive months of probationary  
38 service rendered after April 1, 1949, and prior to becoming a member,  
39 in the case of any member, upon payment in full by such member of the

1 total amount of the employer's contribution to the retirement fund  
2 which would have been required under the law in effect when such  
3 probationary service was rendered if the member had been a member  
4 during such period, except that the amount of the employer's  
5 contribution shall be calculated by the director based on the first  
6 month's compensation earnable as a member;

7 (d) Service not to exceed six consecutive months of probationary  
8 service, rendered after October 1, 1947, and before April 1, 1949, and  
9 prior to becoming a member, in the case of any member, upon payment in  
10 full by such member of five percent of such member's salary during said  
11 period of probationary service, except that the amount of the  
12 employer's contribution shall be calculated by the director based on  
13 the first month's compensation earnable as a member.

14 (14)(a) "Beneficiary" for plan I members, means any person in  
15 receipt of a retirement allowance, pension or other benefit provided by  
16 this chapter.

17 (b) "Beneficiary" for plan II members, means any person in receipt  
18 of a retirement allowance or other benefit provided by this chapter  
19 resulting from service rendered to an employer by another person.

20 (15) "Regular interest" means such rate as the director may  
21 determine.

22 (16) "Accumulated contributions" means the sum of all contributions  
23 standing to the credit of a member in the member's individual account,  
24 including any amount paid under RCW 41.50.165(2), together with the  
25 regular interest thereon.

26 (17)(a) "Average final compensation" for plan I members, means the  
27 annual average of the greatest compensation earnable by a member during  
28 any consecutive two year period of service credit months for which  
29 service credit is allowed; or if the member has less than two years of  
30 service credit months then the annual average compensation earnable  
31 during the total years of service for which service credit is allowed.

32 (b) "Average final compensation" for plan II members, means the  
33 member's average compensation earnable of the highest consecutive sixty  
34 months of service credit months prior to such member's retirement,  
35 termination, or death. Periods constituting authorized leaves of  
36 absence may not be used in the calculation of average final  
37 compensation except under RCW 41.40.710(2).

38 (18) "Final compensation" means the annual rate of compensation  
39 earnable by a member at the time of termination of employment.



1 (19) "Annuity" means payments for life derived from accumulated  
2 contributions of a member. All annuities shall be paid in monthly  
3 installments.

4 (20) "Pension" means payments for life derived from contributions  
5 made by the employer. All pensions shall be paid in monthly  
6 installments.

7 (21) "Retirement allowance" means the sum of the annuity and the  
8 pension.

9 (22) "Employee" means any person who may become eligible for  
10 membership under this chapter, as set forth in RCW 41.40.023.

11 (23) "Actuarial equivalent" means a benefit of equal value when  
12 computed upon the basis of such mortality and other tables as may be  
13 adopted by the director.

14 (24) "Retirement" means withdrawal from active service with a  
15 retirement allowance as provided by this chapter.

16 (25) "Eligible position" means:

17 (a) Any position that, as defined by the employer, normally  
18 requires five or more months of service a year for which regular  
19 compensation for at least seventy hours is earned by the occupant  
20 thereof. For purposes of this chapter an employer shall not define  
21 "position" in such a manner that an employee's monthly work for that  
22 employer is divided into more than one position;

23 (b) Any position occupied by an elected official or person  
24 appointed directly by the governor for which compensation is paid.

25 (26) "Ineligible position" means any position which does not  
26 conform with the requirements set forth in subsection (25) of this  
27 section.

28 (27) "Leave of absence" means the period of time a member is  
29 authorized by the employer to be absent from service without being  
30 separated from membership.

31 (28) "Totally incapacitated for duty" means total inability to  
32 perform the duties of a member's employment or office or any other work  
33 for which the member is qualified by training or experience.

34 (29) "Retiree" means any person in receipt of a retirement  
35 allowance or other benefit provided by this chapter resulting from  
36 service rendered to an employer while a member. A person is in receipt  
37 of a retirement allowance as defined in subsection (21) of this section  
38 or other benefit as provided by this chapter when the department mails,

1 causes to be mailed, or otherwise transmits the retirement allowance  
2 warrant.

3 (30) "Director" means the director of the department.

4 (31) "State elective position" means any position held by any  
5 person elected or appointed to state-wide office or elected or  
6 appointed as a member of the legislature.

7 (32) "State actuary" or "actuary" means the person appointed  
8 pursuant to RCW 44.44.010(2).

9 (33) "Plan I" means the public employees' retirement system, plan  
10 I providing the benefits and funding provisions covering persons who  
11 first became members of the system prior to October 1, 1977.

12 (34) "Plan II" means the public employees' retirement system, plan  
13 II providing the benefits and funding provisions covering persons who  
14 first became members of the system on and after October 1, 1977.

15 (35) "Index" means, for any calendar year, that year's annual  
16 average consumer price index, Seattle, Washington area, for urban wage  
17 earners and clerical workers, all items, compiled by the bureau of  
18 labor statistics, United States department of labor.

19 (36) "Index A" means the index for the year prior to the  
20 determination of a postretirement adjustment.

21 (37) "Index B" means the index for the year prior to index A.

22 (38) "Index year" means the earliest calendar year in which the  
23 index is more than sixty percent of index A.

24 (39) "Adjustment ratio" means the value of index A divided by index  
25 B.

26 NEW SECTION. **Sec. 2.** A new section is added to chapter 41.40 RCW  
27 under the subchapter heading "PROVISIONS APPLICABLE TO PLAN I AND PLAN  
28 II" to read as follows:

29 In the case of employers that were admitted into the retirement  
30 system before the effective date of this act, membership service may be  
31 established by payment of an amount equal to the employer and employee  
32 contributions which would have been paid to the retirement system on  
33 account of such service to the retirement system with interest, as  
34 computed by the department, on the employee's portion prior to  
35 retirement of such person, by the employee or the employee's employer,  
36 except as qualified by RCW 41.40.023. Employer contributions plus  
37 employee contributions with interest submitted by the employee under  
38 this section shall be placed in the employee's individual account in

1 the employees' savings fund and be treated as any other contribution  
2 made by the employee, with the exception that the contributions  
3 submitted by the employee in payment of the employer's obligation,  
4 together with the interest the director may apply to the employer's  
5 contribution, shall be excluded from the calculation of the member's  
6 annuity in the event the member selects a benefit with an annuity  
7 option.

8 NEW SECTION. **Sec. 3.** A new section is added to chapter 41.40 RCW  
9 under the subchapter heading "PROVISIONS APPLICABLE TO PLAN I AND PLAN  
10 II" to read as follows:

11 (1) This section applies to the establishment of membership service  
12 with employers admitted to the retirement system after the effective  
13 date of this act.

14 (2) Membership service may be established for periods of employment  
15 with an employer prior to the employer's admission into the retirement  
16 system by payment of all employee and employer contributions required  
17 by this section.

18 (3) For current employees, the employer must select one of the  
19 options in this subsection and apply it uniformly, except as provided  
20 in subsection (5) of this section. The required contributions shall  
21 include the total employee and employer contributions that would have  
22 been required from the date of each current employee's hire.

23 (a) Option A: The employer pays all required contributions.

24 (b) Option B: The employer pays the required employer  
25 contributions and the employee pays the required employee  
26 contributions. The employer shall not be required to pay the employer  
27 contributions until the employee has paid his or her contributions.  
28 Each employee shall have the option of purchasing the membership  
29 service.

30 (c) Option C: The employee pays all of the required contributions.  
31 Each employee shall have the option of purchasing the membership  
32 service.

33 (4) All payments made under subsection (3) of this section and RCW  
34 41.40.160(2) must be completed within fifteen years from the date of  
35 the employer's admission.

36 (5) An employer shall not be required to purchase membership  
37 service under option A or B for periods of employment for which the  
38 employer made contributions to a qualified retirement plan as defined

1 by 26 U.S.C. Sec. 401(a), if the contributions plus interest accrued  
2 cannot be transferred to the retirement system. If the employer does  
3 not purchase membership credit under this subsection, the employee may  
4 purchase membership service by paying all of the required contributions  
5 within fifteen years of the employer's admission.

6 (6) A former employee who is an active member and is not covered by  
7 subsection (3) of this section may establish membership service by  
8 paying all employer contributions, and all employee contributions plus  
9 interest. Interest shall be determined by the director.

10 (7) All contributions plus interest made by the member under this  
11 section shall be placed in the member's individual account in the  
12 employees' savings fund.

13 (8) A member may not receive membership service until all required  
14 contributions and interest have been paid under this section.

15 **Sec. 4.** RCW 41.40.062 and 1991 c 35 s 93 are each amended to read  
16 as follows:

17 (1) The employees and appointive and elective officials of any  
18 political subdivision or association of political subdivisions of the  
19 state may become members of the retirement system by the approval of  
20 the local legislative authority.

21 (2) On and after September 1, 1965, every school district of the  
22 state of Washington shall be an employer under this chapter. Every  
23 employee of each school district who is eligible for membership under  
24 RCW 41.40.023 shall be a member of the retirement system and  
25 participate on the same basis as a person who first becomes a member  
26 through the admission of any employer into the retirement system on and  
27 after April 1, 1949.

28 ~~((3) Each political subdivision becoming an employer under the~~  
29 ~~meaning of this chapter shall make contributions to the funds of the~~  
30 ~~retirement system as provided in RCW 41.50.250, 41.40.045, and~~  
31 ~~41.40.048 and its employees shall contribute to the employees' savings~~  
32 ~~fund at the rate established under the provisions of RCW 41.40.330. In~~  
33 ~~addition to the foregoing requirement, where the political subdivision~~  
34 ~~becoming an employer under this section has its own retirement plan,~~  
35 ~~any of the employee members thereof who may elect to transfer to this~~  
36 ~~retirement system may, if permitted by the plan, withdraw all or any~~  
37 ~~part of their employees' contributions to the former plan and transfer~~  
38 ~~the funds to the employees' savings fund at the time of their transfer~~

1 of membership. Any portion of the employees' savings fund not  
2 withdrawn shall be transferred by the employer to the retirement system  
3 over a period not to exceed fifteen years. The length of the transfer  
4 period and the method of payment to be utilized during that period  
5 shall be established by agreement between the department and the  
6 political subdivision. Employers making deferred payments of employee  
7 funds under this section shall transfer an additional amount equal to  
8 the interest that would have been credited to each employee's savings  
9 fund had his or her contributions been transferred to the state  
10 retirement system's employee savings fund on the date the political  
11 subdivision became an employer under this section. Any funds remaining  
12 in the employer's former retirement plan after all obligations of the  
13 plan have been provided for, as evidenced by appropriate actuarial  
14 study, shall be disposed of by the governing body of the political  
15 subdivision in such manner as it deems appropriate. For the purpose of  
16 administering and interpreting this chapter the department may  
17 substitute the names of political subdivisions of the state for the  
18 "state" and employees of the subdivisions for "state employees"  
19 wherever those terms appear in this chapter. The department may also  
20 alter any dates mentioned in this chapter for the purpose of making the  
21 provisions of the chapter applicable to the entry of any political  
22 subdivisions into the system. Any member transferring employment to  
23 another employer which is covered by the retirement system may continue  
24 as a member without loss of previously earned pension and annuity  
25 benefits. The department shall keep accounts as are necessary to show  
26 the contributions of each political subdivision to the benefit account  
27 fund and shall have the power to debit and credit the various accounts  
28 in accordance with the transfer of the members from one employer to  
29 another.

30 (4) Employees of a political subdivision, maintaining its own  
31 retirement system, who have been transferred to a health district  
32 formed pursuant to chapter 70.46 RCW, but who have been allowed to  
33 remain members of the political subdivision's retirement system may be  
34 transferred as a group to the Washington public employees' retirement  
35 system. This transfer may be made by the action of the legislative  
36 authority of the political subdivision maintaining its own retirement  
37 system. This transfer shall include employer's and member's funds in  
38 the transferring municipalities' retirement system.

1       ~~(5) Employees of a political subdivision, maintaining its own~~  
2 ~~retirement system, heretofore transferred to a joint airport operation~~  
3 ~~of two municipalities pursuant to chapter 14.08 RCW, may be transferred~~  
4 ~~as a group to the Washington public employees' retirement system. This~~  
5 ~~transfer may be made by the action of the legislative authority of the~~  
6 ~~political subdivision maintaining its own retirement system. This~~  
7 ~~transfer shall include employer's and member's funds in the~~  
8 ~~transferring municipalities' retirement system.))~~

9       **Sec. 5.** RCW 41.40.160 and 1991 c 35 s 77 are each amended to read  
10 as follows:

11       (1) Subject to the provisions of RCW 41.40.150, at retirement the  
12 total service credited to a member shall consist of all membership  
13 service and, if he or she is an original member, all of the certified  
14 prior service.

15       (2) Employees of a public utility or other private enterprise all  
16 or any portion of which has been heretofore or may be hereafter  
17 acquired by a public agency as a matter of public convenience and  
18 necessity, where it is in the public interest to retain the trained  
19 personnel of such enterprise, all service to that enterprise shall,  
20 upon the acquiring public agency becoming an employer as defined in RCW  
21 41.40.010(4) be credited on the same basis as if rendered to the said  
22 employer: PROVIDED, That this shall apply only to those employees who  
23 were in the service of the enterprise at or prior to the time of  
24 acquisition by the public agency and who remain in the service of the  
25 acquiring agency until they attain membership in the state employees'  
26 retirement system; and to those employees who were in the service of  
27 the enterprise at the time of acquisition by the public agency and  
28 subsequently attain membership through employment with any  
29 participating agency: PROVIDED FURTHER, In the event that the  
30 acquiring agency is an employer at the time of the acquisition,  
31 employer's contributions in connection with members achieving service  
32 credit hereunder shall be made on the same basis as set forth in RCW  
33 41.40.045 and 41.40.048 for an employer admitted after April 1, 1949,  
34 before the effective date of this act, and on the same basis as set  
35 forth in section 3 of this act for an employer admitted after the  
36 effective date of this act.

