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SENATE BILL 6745

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State of Washington

55th Legislature

1998 Regular Session

By Senators Spanel, McAuliffe, Winsley, Wojahn, Heavey, Kohl, Snyder, Rasmussen, Franklin, Bauer, Brown, Loveland, Goings, Fraser, Fairley and B. Sheldon

Read first time 02/03/98. Referred to Committee on Ways & Means.

1 AN ACT Relating to encouraging employees to take advantage of the  
2 deferred compensation program; and amending RCW 41.50.770 and  
3 28A.400.240.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 **Sec. 1.** RCW 41.50.770 and 1995 c 239 s 314 are each amended to  
6 read as follows:

7 (1) "Employee" as used in this section and RCW 41.50.780 includes  
8 all full-time, part-time, and career seasonal employees of the state,  
9 a county, a municipality, or other political subdivision of the state,  
10 whether or not covered by civil service; elected and appointed  
11 officials of the executive branch of the government, including full-  
12 time members of boards, commissions, or committees; justices of the  
13 supreme court and judges of the court of appeals and of the superior  
14 and district courts; and members of the state legislature or of the  
15 legislative authority of any county, city, or town.

16 (2) The state, through the department, and any county,  
17 municipality, or other political subdivision of the state acting  
18 through its principal supervising official or governing body is  
19 authorized to contract with an employee to defer a portion of that

1 employee's income, which deferred portion shall in no event exceed the  
2 amount allowable under 26 U.S.C. Sec. 457, and deposit or invest such  
3 deferred portion in a credit union, savings and loan association, bank,  
4 or mutual savings bank or purchase life insurance, shares of an  
5 investment company, or fixed and/or variable annuity contracts from any  
6 insurance company or any investment company licensed to contract  
7 business in this state.

8 (3) The department can provide such plans as the employee  
9 retirement benefits board, established under RCW 41.50.086, deems are  
10 in the interests of state employees. In addition to the types of  
11 investments described in this section, the department may invest the  
12 deferred portion of an employee's income, without limitation as to  
13 amount, in any of the class of investments described in RCW 43.84.150  
14 as in effect on January 1, 1981. Any income deferred under such a plan  
15 shall continue to be included as regular compensation, for the purpose  
16 of computing the state or local retirement and pension benefits earned  
17 by any employee.

18 (4) Coverage of an employee under a deferred compensation plan  
19 under this section shall not render such employee ineligible for  
20 simultaneous membership and participation in any pension system for  
21 public employees.

22 (5) Effective with the July 10, 1998, state payroll warrant only,  
23 a one-time additional salary payment of five hundred dollars shall be  
24 paid to all state employees, adjusted proportionally for less than  
25 full-time state education employees. The employees must be employed as  
26 of June 30, 1998, in a state position and have been employed ninety  
27 days or more for the period January 1, 1998, through June 30, 1998.  
28 This one-time salary payment is intended to encourage employees to  
29 begin or to continue to take advantage of the deferred compensation  
30 program. Participation in the deferred compensation program is not  
31 required for receipt of this salary payment. The July 24, 1998, and  
32 subsequent payroll warrants shall not include this salary payment.

33 (6) Effective with the October 9, 1998, higher education payroll  
34 warrant only, a one-time additional salary payment of five hundred  
35 dollars shall be paid to all higher education employees, adjusted  
36 proportionally for less than full-time higher education employees. The  
37 employees must be employed as of September 30, 1998, in a higher  
38 education position and have been employed ninety days or more for the  
39 period January 1, 1998, through June 30, 1998. This one-time salary

1 payment is intended to encourage employees to begin or to continue to  
2 take advantage of the deferred compensation program. Participation in  
3 the deferred compensation program is not required for receipt of this  
4 salary payment. The October 26, 1998, and subsequent payroll warrants  
5 shall not include this salary payment.

6 **Sec. 2.** RCW 28A.400.240 and 1975 1st ex.s. c 205 s 1 are each  
7 amended to read as follows:

8 (1) In addition to any other powers and duties, any school district  
9 may contract with any classified or certificated employee to defer a  
10 portion of that employee's income, which deferred portion shall in no  
11 event exceed the appropriate internal revenue service exclusion  
12 allowance for such plans, and shall subsequently with the consent of  
13 the employee, deposit or invest in a credit union, savings and loan  
14 association, bank, mutual savings bank, or purchase life insurance,  
15 shares of an investment company, or a fixed and/or variable annuity  
16 contract, for the purpose of funding a deferred compensation program  
17 for the employee, from any life underwriter or registered  
18 representative duly licensed by this state who represents an insurance  
19 company or an investment company licensed to contract business in this  
20 state. In no event shall the total investments or payments, and the  
21 employee's nondeferred income for any year exceed the total annual  
22 salary, or compensation under the existing salary schedule or  
23 classification plan applicable to such employee in such year. Any  
24 income deferred under such a plan shall continue to be included as  
25 regular compensation, for the purpose of computing the retirement and  
26 pension benefits earned by any employee, but any sum so deducted shall  
27 not be included in the computation of any taxes withheld on behalf of  
28 any such employee.

29 (2) Effective with the October 9, 1998, K-12 payroll warrant only,  
30 a one-time additional salary payment of five hundred dollars shall be  
31 paid to all K-12 employees, adjusted proportionally for less than full-  
32 time K-12 employees. The employees must be employed as of September  
33 30, 1998, in a K-12 position and have been employed ninety days or more  
34 for the period January 1, 1998, through June 30, 1998. This one-time  
35 salary payment is intended to encourage employees to begin or to  
36 continue to take advantage of the deferred compensation program.  
37 Participation in the deferred compensation program is not required for

1 receipt of this salary payment. The October 26, 1998, and subsequent  
2 payroll warrants shall not include this salary payment.

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