

CERTIFICATION OF ENROLLMENT

**SUBSTITUTE SENATE BILL 6531**

56th Legislature  
2000 Regular Session

Passed by the Senate March 9, 2000  
YEAS 46 NAYS 0

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**President of the Senate**

Passed by the House March 3, 2000  
YEAS 98 NAYS 0

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**Speaker of the  
House of Representatives**

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**Speaker of the  
House of Representatives**

Approved

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**Governor of the State of Washington**

CERTIFICATE

I, Tony M. Cook, Secretary of the Senate of the State of Washington, do hereby certify that the attached is **SUBSTITUTE SENATE BILL 6531** as passed by the Senate and the House of Representatives on the dates hereon set forth.

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**Secretary**

FILED

**Secretary of State  
State of Washington**

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**SUBSTITUTE SENATE BILL 6531**

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AS AMENDED BY THE HOUSE

Passed Legislature - 2000 Regular Session

**State of Washington                      56th Legislature                      2000 Regular Session**

**By** Senate Committee on Ways & Means (originally sponsored by Senators Long, Fraser, Winsley, Honeyford, Fairley, McAuliffe, Franklin, Bauer, Goings, Haugen, Hale, Rasmussen, Patterson, Eide, Kohl-Welles, Snyder, Stevens, B. Sheldon, Gardner, Spanel and Zarelli; by request of Joint Committee on Pension Policy)

Read first time 02/04/2000.

1            AN ACT Relating to the Washington school employees' retirement  
2 system plan 2 and plan 3; amending RCW 41.35.630, 41.45.061, and  
3 41.05.011; creating a new section; and providing an effective date.

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

5            **Sec. 1.** RCW 41.35.630 and 1998 c 341 s 204 are each amended to  
6 read as follows:

7            (1) Anyone who requests to transfer under RCW 41.35.510 before  
8 March 1, 2001, and establishes service credit for January 2001, shall  
9 have their member account increased by (~~sixty-five~~) one hundred  
10 thirty percent of:

11            (a) The member's public employees' retirement system plan 2  
12 accumulated contributions as of January 1, 2000, less fifty percent of  
13 any payments made pursuant to RCW 41.50.165(2); or

14            (b) All amounts withdrawn after January 1, 2000, which are  
15 completely restored before March 1, 2001.

16            (2) If a member who requests to transfer dies before January 1,  
17 2001, the additional payment provided by this section shall be paid to  
18 the member's estate, or the person or persons, trust, or organization

1 the member nominated by written designation duly executed and filed  
2 with the department.

3 (3) The legislature reserves the right to modify or discontinue the  
4 right to an additional payment under this section for any plan 2  
5 members who have not previously transferred to plan 3.

6 **Sec. 2.** RCW 41.45.061 and 1998 c 341 s 405 are each amended to  
7 read as follows:

8 (1) The required contribution rate for members of the plan 2  
9 teachers' retirement system shall be fixed at the rates in effect on  
10 July 1, 1996, subject to the following:

11 (a) Beginning September 1, 1997, except as provided in (b) of this  
12 subsection, the employee contribution rate shall not exceed the  
13 employer plan 2 and 3 rates adopted under RCW 41.45.060 and 41.45.070  
14 for the teachers' retirement system;

15 (b) In addition, the employee contribution rate for plan 2 shall be  
16 increased by fifty percent of the contribution rate increase caused by  
17 any plan 2 benefit increase passed after July 1, 1996;

18 (c) In addition, the employee contribution rate for plan 2 shall  
19 not be increased as a result of any distributions pursuant to section  
20 309, chapter 341, Laws of 1998 and RCW 41.31A.020.

21 (2) The required contribution rate for members of the school  
22 employees' retirement system plan 2 shall ~~((be fixed at the rates in~~  
23 ~~effect on September 1, 2000, for members of the public employees'~~  
24 ~~retirement system plan 2, subject to the following:~~

25 ~~(a) Except as provided in (b) of this subsection, the member~~  
26 ~~contribution rate shall not exceed)) equal the school employees'~~  
27 ~~retirement system employer plan 2 and 3 contribution rate adopted under~~  
28 ~~RCW 41.45.060 and 41.45.070((;~~

29 ~~(b) The member contribution rate for the school employees'~~  
30 ~~retirement system plan 2 shall be increased by fifty percent of the~~  
31 ~~contribution rate increase caused by any plan 2 benefit increase passed~~  
32 ~~after September 1, 2000)), except as provided in subsection (3) of this~~  
33 ~~section.~~

34 (3) The employee contribution rate for plan 2 shall not be  
35 increased as a result of any distributions pursuant to RCW 41.31A.020  
36 and 41.31A.030.

37 (4) The required plan 2 and 3 contribution rates for employers  
38 shall be adopted in the manner described in RCW 41.45.060.

1       **Sec. 3.** RCW 41.05.011 and 1998 c 341 s 706 are each amended to  
2 read as follows:

3       Unless the context clearly requires otherwise, the definitions in  
4 this section shall apply throughout this chapter.

5       (1) "Administrator" means the administrator of the authority.

6       (2) "State purchased health care" or "health care" means medical  
7 and health care, pharmaceuticals, and medical equipment purchased with  
8 state and federal funds by the department of social and health  
9 services, the department of health, the basic health plan, the state  
10 health care authority, the department of labor and industries, the  
11 department of corrections, the department of veterans affairs, and  
12 local school districts.

13       (3) "Authority" means the Washington state health care authority.

14       (4) "Insuring entity" means an insurer as defined in chapter 48.01  
15 RCW, a health care service contractor as defined in chapter 48.44 RCW,  
16 or a health maintenance organization as defined in chapter 48.46 RCW.

17       (5) "Flexible benefit plan" means a benefit plan that allows  
18 employees to choose the level of health care coverage provided and the  
19 amount of employee contributions from among a range of choices offered  
20 by the authority.

21       (6) "Employee" includes all full-time and career seasonal employees  
22 of the state, whether or not covered by civil service; elected and  
23 appointed officials of the executive branch of government, including  
24 full-time members of boards, commissions, or committees; and includes  
25 any or all part-time and temporary employees under the terms and  
26 conditions established under this chapter by the authority; justices of  
27 the supreme court and judges of the court of appeals and the superior  
28 courts; and members of the state legislature or of the legislative  
29 authority of any county, city, or town who are elected to office after  
30 February 20, 1970. "Employee" also includes: (a) Employees of a  
31 county, municipality, or other political subdivision of the state if  
32 the legislative authority of the county, municipality, or other  
33 political subdivision of the state seeks and receives the approval of  
34 the authority to provide any of its insurance programs by contract with  
35 the authority, as provided in RCW 41.04.205; (b) employees of employee  
36 organizations representing state civil service employees, at the option  
37 of each such employee organization, and, effective October 1, 1995,  
38 employees of employee organizations currently pooled with employees of  
39 school districts for the purpose of purchasing insurance benefits, at

1 the option of each such employee organization; and (c) employees of a  
2 school district if the authority agrees to provide any of the school  
3 districts' insurance programs by contract with the authority as  
4 provided in RCW 28A.400.350.

5 (7) "Board" means the public employees' benefits board established  
6 under RCW 41.05.055.

7 (8) "Retired or disabled school employee" means:

8 (a) Persons who separated from employment with a school district or  
9 educational service district and are receiving a retirement allowance  
10 under chapter 41.32 or 41.40 RCW as of September 30, 1993;

11 (b) Persons who separate from employment with a school district or  
12 educational service district on or after October 1, 1993, and  
13 immediately upon separation receive a retirement allowance under  
14 chapter 41.32, 41.35, or 41.40 RCW;

15 (c) Persons who separate from employment with a school district or  
16 educational service district due to a total and permanent disability,  
17 and are eligible to receive a deferred retirement allowance under  
18 chapter 41.32, 41.35, or 41.40 RCW.

19 (9) "Benefits contribution plan" means a premium only contribution  
20 plan, a medical flexible spending arrangement, or a cafeteria plan  
21 whereby state and public employees may agree to a contribution to  
22 benefit costs which will allow the employee to participate in benefits  
23 offered pursuant to 26 U.S.C. Sec. 125 or other sections of the  
24 internal revenue code.

25 (10) "Salary" means a state employee's monthly salary or wages.

26 (11) "Participant" means an individual who fulfills the eligibility  
27 and enrollment requirements under the benefits contribution plan.

28 (12) "Plan year" means the time period established by the  
29 authority.

30 (13) "Separated employees" means persons who separate from  
31 employment with an employer as defined in:

32 (a) RCW 41.32.010(11) on or after July 1, 1996; or

33 (b) RCW 41.35.010 on or after September 1, 2000;

34 and who are at least age fifty-five and have at least ten years of  
35 service under the teachers' retirement system plan III as defined in  
36 RCW 41.32.010(40) or the Washington school employees' retirement system  
37 plan III as defined in RCW 41.35.010.

1        NEW SECTION.    **Sec. 4.**    The joint committee on pension policy shall  
2 study the feasibility of providing an option of plan 2 or plan 3 for  
3 school employees retirement systems and teachers' retirement systems  
4 new employees, and it shall provide recommendations to the appropriate  
5 legislative committees by January 1, 2001.

6        NEW SECTION.    **Sec. 5.**    This act takes effect September 1, 2000.

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