

HOUSE BILL REPORT

SB 5147

As Reported by House Committee On:
Appropriations

Title: An act relating to correcting statutes pertaining to the public employees' and school employees' retirement systems.

Brief Description: Correcting statutes pertaining to the public employees' and school employees' retirement systems.

Sponsors: By Senators Winsley, Carlson, Long, Franklin, Honeyford and Fraser; by request of Joint Committee on Pension Policy.

Brief History:

Committee Activity:

Appropriations: 3/26/01, 3/28/01 [DP].

Brief Summary of Bill

- Technical corrections are made to School Employees' Retirement System (SERS) provisions, funding, and defined contribution chapters. Also amends ability of State Investment Board to declare monthly values for individual account funds held for SERS plan 3, Teachers Retirement System plan 3, and Public Employees Retirement System plan 3 members.

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: Do pass. Signed by 30 members: Representatives Sehlin, Republican Co-Chair; H. Sommers, Democratic Co-Chair; Barlean, Republican Vice Chair; Doumit, Democratic Vice Chair; Alexander, Benson, Boldt, Buck, Clements, Cody, Cox, Dunshee, Fromhold, Grant, Kagi, Keiser, Kenney, Kessler, Lambert, Linville, Mastin, McIntire, Mulliken, Pearson, Pflug, Ruderman, D. Schmidt, Schual-Berke, Talcott and Tokuda.

Staff: Andrea Hardy (786-7349).

Background:

Legislation to create a new School Employees Retirement System, Plans 2 and 3 (SERS 2

and SERS 3) was enacted in 1998, with an effective date of September 2000. In the 2000 session, changes were made to SERS 2 and SERS 3. In that session, the Legislature also created a new Public Employees Retirement System, Plan 3 (PERS 3), with an effective date of March 2002.

After the 2000 session, the Office of the State Actuary, the Department of Retirement Systems, and the State Investment Board identified certain technical drafting problems in the new SERS and PERS 3 bills. Five specific issues were identified by the Joint Committee on Pension Policy: (1) The two bills that amended SERS 2 and created PERS 3 both amended, in inconsistent ways, a statute dealing with SERS 2 contribution rates. (2) A provision dealing with the declaration of monthly unit values by the SIB for Plan 3 members needed a technical change to be applicable to PERS 3 members. (3) A disability definition that is used in the Public Employees Retirement System Plan 1 (PERS 1) but not in SERS was inadvertently included in the SERS definition statute. (4) A statute that limits the ability of a person to join a second state retirement plan after retiring from another state or city retirement system had not been amended to specifically refer to SERS. (5) An obsolete provision dealing with PERS membership for elected officials prior to 1988 was appropriate for decodification.

Summary of Bill:

- (1) The SERS 2 employee contribution rate is set at an amount equal to the employer rate. This makes the section that comes into effect in March of 2002 consistent with the existing statute.
- (2) The SIB is authorized to declare monthly unit values for PERS 3 member accounts.
- (3) The SERS statute is amended to remove the PERS 1 disability definition.
- (4) The SERS chapter is added to the list of other state retirement systems in which retired members are prohibited from joining other state retirement plans.
- (5) The obsolete PERS 1 section is decodified.

Appropriation: None.

Fiscal Note: Not Requested.

Effective Date: The bill contains several effective dates. Please see the bill.

Testimony For: None.

Testimony Against: None.

Testified: None.