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**ENGROSSED SUBSTITUTE SENATE BILL 6166**

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**State of Washington**

**57th Legislature**

**2001 Regular Session**

**By** Senate Committee on Ways & Means (originally sponsored by Senators Brown, Snyder, Long, Fraser, Rossi, Constantine, Spanel, B. Sheldon and Carlson)

READ FIRST TIME 03/30/01.

1       AN ACT Relating to termination and restatement of plan 1 of the law  
2 enforcement officers' and fire fighters' retirement system; amending  
3 RCW 41.26.010, 41.26.040, 41.26.061, 44.44.040, 48.62.031, 48.62.051,  
4 2.10.155, 26.09.138, 36.28A.010, 41.04.205, 41.04.270, 41.04.350,  
5 41.04.400, 41.05.320, 41.18.210, 41.20.170, 41.20.175, 41.24.400,  
6 41.32.800, 41.32.860, 41.35.230, 41.40.690, 41.40.850, 41.45.010,  
7 41.45.010, 41.45.020, 41.45.050, 41.45.050, 41.45.070, 41.48.030,  
8 41.48.050, 41.50.030, 41.50.055, 41.50.075, 41.50.075, 41.50.080,  
9 41.50.090, 41.50.110, 41.50.112, 41.50.150, 41.50.255, 41.50.500,  
10 41.50.500, 41.50.670, 43.84.092, 43.84.092, 43.79A.040, 46.52.130, and  
11 72.72.060; reenacting and amending RCW 41.26.030, 6.15.020, 41.45.020,  
12 41.45.060, 41.45.070, and 41.56.030; adding new chapters to Title 41  
13 RCW; creating new sections; repealing RCW 41.26.005, 41.26.035,  
14 41.26.045, 41.26.046, 41.26.047, 41.26.075, 41.26.080, 41.26.090,  
15 41.26.100, 41.26.110, 41.26.115, 41.26.120, 41.26.125, 41.26.130,  
16 41.26.135, 41.26.140, 41.26.150, 41.26.160, 41.26.161, 41.26.162,  
17 41.26.170, 41.26.190, 41.26.192, 41.26.194, 41.26.195, 41.26.197,  
18 41.26.200, 41.26.211, 41.26.221, 41.26.240, 41.26.250, 41.26.260,  
19 41.26.270, 41.26.281, 41.26.3901, 41.26.3902, 41.26.3903, and  
20 41.26.410; providing effective dates; providing an expiration date; and  
21 declaring an emergency.

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

2 NEW SECTION. **Sec. 1.** LEGISLATIVE FINDINGS AND DECLARATION. Plan  
3 1 of the Washington law enforcement officers' and fire fighters'  
4 retirement system (LEOFF plan 1) has been closed to new members for  
5 nearly a quarter of a century. During that time, LEOFF plan 1 has  
6 achieved full funding and has assets which exceed all projected future  
7 liabilities and has a surplus approaching one billion dollars. In  
8 recognition of the contributions of working fire fighters and police  
9 officers to LEOFF plan 1, it is the purpose of this chapter, in part,  
10 to provide for an enhanced retirement benefit to LEOFF plan 1 members.

11 LEOFF plan 1 also provides substantial postretirement health and  
12 long-term care benefits. The financial burden of this benefit, which  
13 is an integral part of LEOFF plan 1, falls exclusively on the cities,  
14 counties, and fire districts that employed the retired fire fighters  
15 and police officers. In recognition of the fiscal burdens facing these  
16 political subdivisions, it is appropriate to provide an additional  
17 source of funding to ensure the integrity of the benefit without  
18 undermining the financial stability of the employing governments.

19 The supreme court of the state of Washington, in the 1956 decision  
20 *Bakenhus v. City of Seattle*, established that the fire fighters and  
21 police officers, active and retired, have a constitutionally protected  
22 contractual right to a secure retirement benefit, funded on a sound  
23 actuarial basis. The legislature recognizes that the state of  
24 Washington is the ultimate guarantor of the LEOFF plan 1 retirement  
25 benefits. While members have a constitutionally protected right to the  
26 pension benefits that are provided as part of their contract of  
27 employment, there is no such right in surplus assets which are  
28 unnecessary to the actuarial soundness of the retirement plan.

29 The state retains the inherent power to terminate a retirement plan  
30 and, upon the dedication of sufficient resources to ensure the  
31 actuarial soundness of the benefits promised, is entitled to a  
32 reversion of the surplus assets upon termination of the plan.

33 The legislature has determined that, in order to accomplish the  
34 foregoing goals and objectives, it is in the best interest of the  
35 members and beneficiaries of LEOFF plan 1 that the plan be terminated  
36 and that a restated retirement plan with enhanced benefits be created.  
37 It is further determined to be in the best interest of the health,  
38 safety, and welfare of the citizens of the state that surplus assets

1 remaining after adequate actuarial provision for the obligated  
2 retirement benefits revert to the state and be allocated for the  
3 purposes outlined in this chapter.

4 It is the intent of the legislature that the LEOFF plan 1  
5 termination be performed in accordance with the applicable provisions  
6 of the federal internal revenue code and in recognition of the contract  
7 rights of the members and beneficiaries of the plan to an actuarially  
8 sound retirement program.

9 The legislature reserves the right to make such amendments and  
10 modifications as may be necessary in the future to accomplish the goals  
11 of this section, without any diminution of the rights and benefits of  
12 the LEOFF plan 1 members, retirees, and surviving spouses, as they  
13 existed prior to July 1, 2001.

14 NEW SECTION. **Sec. 2.** TERMINATION OF LEOFF PLAN 1. Plan 1 of the  
15 Washington law enforcement officers' and fire fighters' retirement  
16 system (LEOFF plan 1) is hereby terminated. During the transition  
17 between the termination of LEOFF plan 1 and the establishment of the  
18 restated law enforcement officers' and fire fighters' retirement  
19 system, all LEOFF plan 1 benefits, as they existed prior to July 1,  
20 2001, shall continue without interruption.

21 NEW SECTION. **Sec. 3.** RESTATED LAW ENFORCEMENT OFFICERS' AND FIRE  
22 FIGHTERS' RETIREMENT SYSTEM ESTABLISHED. The restated law enforcement  
23 officers' and fire fighters' retirement system is hereby established as  
24 provided in this chapter. The restated law enforcement officers' and  
25 fire fighters' retirement system established by this chapter may also  
26 be referred to by statute and rule as the law enforcement officers' and  
27 fire fighters' retirement system plan 1.

28 NEW SECTION. **Sec. 4.** RESTATED LAW ENFORCEMENT OFFICERS' AND FIRE  
29 FIGHTERS' DEFINED BENEFIT RETIREMENT FUND ESTABLISHED. (1) The  
30 restated law enforcement officers' and fire fighters' defined benefit  
31 retirement fund is created in the custody of the state treasurer. The  
32 fund shall consist of assets transferred from the Washington law  
33 enforcement officers' and fire fighters' system plan 1 retirement fund,  
34 investment earnings, and other amounts deposited to the fund. The  
35 state treasurer shall transfer to the restated defined benefit  
36 retirement fund an amount equal to the actuarial present value of the

1 fully projected liabilities of plan 1 of the Washington law enforcement  
2 officers' and fire fighters' retirement system based on the actuarial  
3 valuation for calendar year 2000, adjusted to the transfer date, and  
4 the long-term economic assumptions in effect on July 1, 2001, under  
5 chapter 41.45 RCW. For purposes of funding the plan 1 lump-sum defined  
6 benefit created in section 6 of this act, the state treasurer shall  
7 also transfer an amount to the restated defined benefit retirement fund  
8 equal to twelve percent of the assets in the Washington law enforcement  
9 officers' and fire fighters' system plan 1 retirement fund in excess of  
10 the actuarial present value of the fully projected liabilities of plan  
11 1, as calculated under this subsection.

12 (2) The pension funding council shall conduct an independent audit  
13 of the calculation of the present value amount determined by the state  
14 actuary. The transfer of these assets to the restated defined benefit  
15 retirement fund shall occur as soon as practical after July 1, 2001.  
16 The remaining assets in the law enforcement officers' and fire  
17 fighters' system plan 1 retirement fund shall be invested in the same  
18 manner as the restated defined benefit retirement fund until the  
19 transfers occur under sections 5 and 8 of this act.

20 (3) Expenditures from the restated law enforcement officers' and  
21 fire fighters' defined benefit retirement fund may be used only for the  
22 purposes of this chapter. Only the director of retirement systems or  
23 the director's designee may authorize expenditures from the fund. No  
24 appropriation is required for expenditures.

25 NEW SECTION. **Sec. 5.** STATE SURPLUS ASSETS RESERVE FUND  
26 ESTABLISHED. (1) The state surplus assets reserve fund is created in  
27 the state treasury. By June 1, 2002, the state surplus assets reserve  
28 fund shall receive all assets of the Washington law enforcement  
29 officers' and fire fighters' system plan 1 retirement fund remaining  
30 after (a) the distributions to the restated law enforcement officers'  
31 and fire fighters' defined benefit retirement fund required by section  
32 4 of this act; and (b) the distribution to the law enforcement  
33 officers' and fire fighters' medical benefits risk pool under section  
34 8 of this act and chapter 41.--- RCW (sections 301 through 310 of this  
35 act).

36 (2) Sufficient assets shall be maintained in the state surplus  
37 assets reserve fund at all times to ensure the actuarial soundness of  
38 the defined benefits of the restated law enforcement officers' and fire

1 fighters' defined benefit retirement plan without the necessity of  
2 further employee or employer contributions. Any actuarial shortfall in  
3 the defined benefit plan shall be offset first from the assets of the  
4 state surplus assets reserve fund. The state investment board shall  
5 develop an investment policy, taking into account the purposes of the  
6 reserve fund and the preservation of capital, for the purpose of  
7 accomplishing the objective of this section.

8 (3) The office of the state actuary shall perform an annual  
9 actuarial valuation of the restated law enforcement officers' and fire  
10 fighters' defined benefit plan to determine its continued actuarial  
11 soundness. Such sums shall be transferred by the legislature from the  
12 state surplus assets reserve fund as may be necessary from time to time  
13 to maintain the actuarial soundness of the defined benefit plan.

14 (4) The remaining assets of the reserve fund shall be retained as  
15 a budget reserve subject to the actuarial needs of the restated law  
16 enforcement officers' and fire fighters' defined benefit plan. No  
17 appropriation shall be made from the reserve fund for any fiscal year  
18 unless the office of the state actuary has certified that the restated  
19 law enforcement officers' and fire fighters' defined benefit plan  
20 remains fully funded on a sound actuarial basis. No appropriation  
21 shall be made from the reserve fund that would reduce the fund balance  
22 below two hundred twenty million dollars unless the state actuary has  
23 certified that the defined benefit plan assets are greater than one  
24 hundred twenty-five percent of the present value of the fully projected  
25 liabilities of the defined benefit plan.

26 NEW SECTION. **Sec. 6.** LUMP-SUM DEFINED BENEFIT. (1) The amount  
27 equal to twelve percent of the excess assets of the Washington law  
28 enforcement officers' and fire fighters' system plan 1 retirement fund  
29 transferred to the restated defined benefit retirement fund by section  
30 4 of this act shall fund the plan 1 lump-sum defined benefit created by  
31 this section.

32 (2) Law enforcement officers' and fire fighters' plan 1 active  
33 members, term-vested members, retirees, and spousal survivors eligible  
34 for benefits under sections 226, 227, and 228 of this act shall be  
35 eligible to receive the plan 1 lump-sum defined benefit pursuant to the  
36 conditions established in this section. All assets identified in  
37 subsection (1) of this section shall be allocated to the eligible  
38 recipients of the plan 1 lump-sum defined benefit. The allocation to

1 each eligible recipient shall be based on the number of months of  
2 service credit earned under chapter 41.26 RCW through June 30, 2000, in  
3 proportion to the total months of such service credit earned by all  
4 eligible recipients. The allocations for eligible recipients who are  
5 spousal survivors shall be based on the number of months of such  
6 service credit earned by the deceased member. This allocation shall  
7 occur on the date of the transfer of assets to the restated defined  
8 benefit retirement fund in section 4 of this act.

9 (3) If a member is active or term-vested, interest as determined by  
10 the director shall accumulate from the date the lump-sum defined  
11 benefit is allocated until distribution to the participant upon  
12 retirement from service or for disability. For the purposes of this  
13 section, a term-vested member is a member who has rendered five years  
14 of service, has not withdrawn his or her member contributions, and who  
15 has not applied for retirement.

16 (4) The lump-sum defined benefit shall be paid to a retiree or  
17 eligible spousal survivor upon application to the department; however  
18 no interest shall accumulate on the benefits allocated to retirees or  
19 spousal survivors.

20 (5) If a member dies before distribution of the lump-sum benefit  
21 created in this section occurs, the distribution shall be made  
22 according to the member's designation in section 216 of this act.

23 (6) The lump-sum benefit created in this section is subject to the  
24 provisions of section 209 of this act.

25 (7) If this section is held to be invalid, by section 503 of this  
26 act or otherwise, recipients of the lump-sum benefit provided by this  
27 section shall no longer be entitled to this benefit and shall be  
28 required to return any funds received according to the provisions of  
29 RCW 41.50.135, 41.50.136, 41.50.137, and 41.50.138.

30 NEW SECTION. **Sec. 7.** INVESTMENT OF FUNDS. (1) The state  
31 investment board has the full power to invest, reinvest, manage,  
32 contract, sell, or exchange investment money in (a) the restated law  
33 enforcement officers' and fire fighters' defined benefit retirement  
34 fund, (b) the law enforcement officers' and fire fighters' medical  
35 benefits risk pool account, and (c) the state surplus assets reserve  
36 fund. All investment and operating costs of the state investment board  
37 and the state treasurer associated with these funds shall be paid under  
38 RCW 43.08.190, 43.33A.160, 43.79A.040, and 43.84.160. With the

1 exception of these expenses, the earnings from the investment of the  
2 funds shall be retained by the funds.

3 (2) All investments made by the state investment board shall be  
4 made with the exercise of that degree of judgment and care under RCW  
5 43.33A.140 and the investment policy established by the state  
6 investment board.

7 (3) As deemed appropriate by the state investment board, money in  
8 the funds may be commingled for investment with other funds under the  
9 investment authority of the board.

10 NEW SECTION. **Sec. 8.** TRANSFER TO LEOFF MEDICAL BENEFITS RISK  
11 POOL. By June 1, 2002, the state treasurer shall transfer from the  
12 Washington law enforcement officers' and fire fighters' system plan 1  
13 retirement fund to the law enforcement officers' and fire fighters'  
14 medical benefits risk pool account under chapter 41.--- RCW (sections  
15 301 through 310 of this act) an amount equal to the transfer to the  
16 restated law enforcement officers' and fire fighters' defined benefit  
17 fund made for purposes of funding the plan 1 lump-sum defined benefit  
18 required by section 6 of this act. The distribution shall be for the  
19 exclusive purposes of chapter 41.--- RCW (sections 301 through 310 of  
20 this act).

21 NEW SECTION. **Sec. 9.** STATUTE OF LIMITATIONS. Any claim filed  
22 challenging the validity of sections 1 through 8 of this act not filed  
23 before July 1, 2002, is forever barred, if not already barred by an  
24 otherwise applicable statute of limitations. By December 31, 2001, the  
25 department of retirement systems shall send notification of the  
26 provisions of sections 1 through 9 of this act, by first class mail, to  
27 the last known address of each plan 1 active member, retiree, and  
28 spousal survivor.

29 **PART I**

30 **AMENDMENTS TO CHAPTER 41.26 RCW**

31 **Sec. 101.** RCW 41.26.010 and 1969 ex.s. c 209 s 1 are each amended  
32 to read as follows:

33 This chapter shall be known and cited as the "Washington Law  
34 Enforcement Officers' and Fire Fighters' Retirement System--Plan 2  
35 Act".

1       **Sec. 102.** RCW 41.26.030 and 1996 c 178 s 11 and 1996 c 38 s 2 are  
2 each reenacted and amended to read as follows:

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

5       (1) "Retirement system" means the "Washington law enforcement  
6 officers' and fire fighters' retirement system plan 2" provided herein.

7       ~~(2)((a) "Employer" for plan 1 members, means the legislative  
8 authority of any city, town, county, or district or the elected  
9 officials of any municipal corporation that employs any law enforcement  
10 officer and/or fire fighter, any authorized association of such  
11 municipalities, and, except for the purposes of RCW 41.26.150, any  
12 labor guild, association, or organization, which represents the fire  
13 fighters or law enforcement officers of at least seven cities of over  
14 20,000 population and the membership of each local lodge or division of  
15 which is composed of at least sixty percent law enforcement officers or  
16 fire fighters as defined in this chapter.~~

17       ~~(b))~~ "Employer" ~~((for plan 2 members,))~~ means the following  
18 entities to the extent that the entity employs any law enforcement  
19 officer and/or fire fighter:

20       ~~((i))~~ (a) The legislative authority of any city, town, county, or  
21 district;

22       ~~((ii))~~ (b) The elected officials of any municipal corporation;

23       ~~((iii))~~ (c) The governing body of any other general authority law  
24 enforcement agency; or

25       ~~((iv))~~ (d) A four-year institution of higher education having a  
26 fully operational fire department as of January 1, 1996.

27       (3) "Law enforcement officer" beginning January 1, 1994, means any  
28 person who is commissioned and employed by an employer on a full time,  
29 fully compensated basis to enforce the criminal laws of the state of  
30 Washington generally, with the following qualifications:

31       (a) No person who is serving in a position that is basically  
32 clerical or secretarial in nature, and who is not commissioned shall be  
33 considered a law enforcement officer;

34       (b) Only those deputy sheriffs, including those serving under a  
35 different title pursuant to county charter, who have successfully  
36 completed a civil service examination for deputy sheriff or the  
37 equivalent position, where a different title is used, and those persons  
38 serving in unclassified positions authorized by RCW 41.14.070 except a  
39 private secretary will be considered law enforcement officers;



1 (c) Only such full time commissioned law enforcement personnel as  
2 have been appointed to offices, positions, or ranks in the police  
3 department which have been specifically created or otherwise expressly  
4 provided for and designated by city charter provision or by ordinance  
5 enacted by the legislative body of the city shall be considered city  
6 police officers;

7 ~~(d) ((The term "law enforcement officer" also includes the~~  
8 ~~executive secretary of a labor guild, association or organization~~  
9 ~~(which is an employer under RCW 41.26.030(2)) if that individual has~~  
10 ~~five years previous membership in the retirement system established in~~  
11 ~~chapter 41.20 RCW. The provisions of this subsection (3)(d) shall not~~  
12 ~~apply to plan 2 members; and~~

13 (e)) The term "law enforcement officer" also includes a person  
14 employed on or after January 1, 1993, as a public safety officer or  
15 director of public safety, so long as the job duties substantially  
16 involve only either police or fire duties, or both, and no other duties  
17 in a city or town with a population of less than ten thousand. The  
18 provisions of this subsection (3)((+e)) (d) shall not apply to any  
19 public safety officer or director of public safety who is receiving a  
20 retirement allowance under this chapter as of May 12, 1993.

21 (4) "Fire fighter" means:

22 (a) Any person who is serving on a full time, fully compensated  
23 basis as a member of a fire department of an employer and who is  
24 serving in a position which requires passing a civil service  
25 examination for fire fighter, and who is actively employed as such;

26 (b) Anyone who is actively employed as a full time fire fighter  
27 where the fire department does not have a civil service examination;

28 (c) Supervisory fire fighter personnel; and

29 ~~(d) ((Any full time executive secretary of an association of fire~~  
30 ~~protection districts authorized under RCW 52.12.031. The provisions of~~  
31 ~~this subsection (4)(d) shall not apply to plan 2 members;~~

32 ~~(e) The executive secretary of a labor guild, association or~~  
33 ~~organization (which is an employer under RCW 41.26.030(2) as now or~~  
34 ~~hereafter amended), if such individual has five years previous~~  
35 ~~membership in a retirement system established in chapter 41.16 or 41.18~~  
36 ~~RCW. The provisions of this subsection (4)(e) shall not apply to plan~~  
37 ~~2 members;~~

38 (f)) Any person who is serving on a full time, fully compensated  
39 basis for an employer, as a fire dispatcher, in a department in which,

1 on March 1, 1970, a dispatcher was required to have passed a civil  
2 service examination for fire fighter(~~(; and~~

3 ~~(g) Any person who on March 1, 1970, was employed on a full time,~~  
4 ~~fully compensated basis by an employer, and who on May 21, 1971, was~~  
5 ~~making retirement contributions under the provisions of chapter 41.16~~  
6 ~~or 41.18 RCW)).~~

7 (5) "Department" means the department of retirement systems created  
8 in chapter 41.50 RCW.

9 (6) "Surviving spouse" means the surviving widow or widower of a  
10 member. (~~("Surviving spouse" shall not include the divorced spouse of~~  
11 ~~a member except as provided in RCW 41.26.162.)~~)

12 (7)(a) "Child" or "children" means an unmarried person who is under  
13 the age of eighteen or mentally or physically handicapped as determined  
14 by the department, except a handicapped person in the full time care of  
15 a state institution, who is:

16 (i) A natural born child;

17 (ii) A stepchild where that relationship was in existence prior to  
18 the date benefits are payable under this chapter;

19 (iii) A posthumous child;

20 (iv) A child legally adopted or made a legal ward of a member prior  
21 to the date benefits are payable under this chapter; or

22 (v) An illegitimate child legitimized prior to the date any  
23 benefits are payable under this chapter.

24 (b) A person shall also be deemed to be a child up to and including  
25 the age of twenty years and eleven months while attending any high  
26 school, college, or vocational or other educational institution  
27 accredited, licensed, or approved by the state, in which it is located,  
28 including the summer vacation months and all other normal and regular  
29 vacation periods at the particular educational institution after which  
30 the child returns to school.

31 (8) "Member" means any fire fighter, law enforcement officer, or  
32 other person as would apply under subsection(~~(s)~~) (3) or (4) of this  
33 section (~~(whose membership is transferred to the Washington law~~  
34 ~~enforcement officers' and fire fighters' retirement system on or after~~  
35 ~~March 1, 1970, and every law enforcement officer and fire fighter)) who~~  
36 is employed in that capacity on or after (~~(such date)~~) October 1, 1977.

37 (9) "Retirement fund" means the "Washington law enforcement  
38 officers' and fire fighters' (~~(retirement)~~) system plan 2 retirement  
39 fund" as provided for (~~(herein)~~) in RCW 41.50.075.

1 (10) "Employee" means any law enforcement officer or fire fighter  
2 as defined in subsections (3) and (4) of this section.

3 ~~(11)((a) "Beneficiary" for plan 1 members, means any person in~~  
4 ~~receipt of a retirement allowance, disability allowance, death benefit,~~  
5 ~~or any other benefit described herein.~~

6 ~~(b)) "Beneficiary" ((for plan 2 members,))~~ means any person in  
7 receipt of a retirement allowance or other benefit provided by this  
8 chapter resulting from service rendered to an employer by another  
9 person.

10 ~~(12)((a) "Final average salary" for plan 1 members, means (i) for~~  
11 ~~a member holding the same position or rank for a minimum of twelve~~  
12 ~~months preceding the date of retirement, the basic salary attached to~~  
13 ~~such same position or rank at time of retirement; (ii) for any other~~  
14 ~~member, including a civil service member who has not served a minimum~~  
15 ~~of twelve months in the same position or rank preceding the date of~~  
16 ~~retirement, the average of the greatest basic salaries payable to such~~  
17 ~~member during any consecutive twenty four month period within such~~  
18 ~~member's last ten years of service for which service credit is allowed,~~  
19 ~~computed by dividing the total basic salaries payable to such member~~  
20 ~~during the selected twenty four month period by twenty four; (iii) in~~  
21 ~~the case of disability of any member, the basic salary payable to such~~  
22 ~~member at the time of disability retirement; (iv) in the case of a~~  
23 ~~member who hereafter vests pursuant to RCW 41.26.090, the basic salary~~  
24 ~~payable to such member at the time of vesting.~~

25 ~~(b)) "Final average salary" ((for plan 2 members,))~~ means the  
26 monthly average of the member's basic salary for the highest  
27 consecutive sixty service credit months of service prior to such  
28 member's retirement, termination, or death. Periods constituting  
29 authorized unpaid leaves of absence may not be used in the calculation  
30 of final average salary.

31 ~~(13)((a) "Basic salary" for plan 1 members, means the basic~~  
32 ~~monthly rate of salary or wages, including longevity pay but not~~  
33 ~~including overtime earnings or special salary or wages, upon which~~  
34 ~~pension or retirement benefits will be computed and upon which employer~~  
35 ~~contributions and salary deductions will be based.~~

36 ~~(b)) "Basic salary" ((for plan 2 members,))~~ means salaries or  
37 wages earned by a member during a payroll period for personal services,  
38 including overtime payments, and shall include wages and salaries  
39 deferred under provisions established pursuant to sections 403(b),

1 414(h), and 457 of the United States Internal Revenue Code, but shall  
2 exclude lump sum payments for deferred annual sick leave, unused  
3 accumulated vacation, unused accumulated annual leave, or any form of  
4 severance pay. In any year in which a member serves in the legislature  
5 the member shall have the option of having such member's basic salary  
6 be the greater of:

7 ~~((i))~~ (a) The basic salary the member would have received had  
8 such member not served in the legislature; or

9 ~~((ii))~~ (b) Such member's actual basic salary received for  
10 nonlegislative public employment and legislative service combined. Any  
11 additional contributions to the retirement system required because  
12 basic salary under ~~((b)(i))~~ (a) of this subsection is greater than  
13 basic salary under (b)~~((ii))~~ of this subsection shall be paid by the  
14 member for both member and employer contributions.

15 ~~(14)((a) "Service" for plan 1 members, means all periods of~~  
16 ~~employment for an employer as a fire fighter or law enforcement~~  
17 ~~officer, for which compensation is paid, together with periods of~~  
18 ~~suspension not exceeding thirty days in duration. For the purposes of~~  
19 ~~this chapter service shall also include service in the armed forces of~~  
20 ~~the United States as provided in RCW 41.26.190. Credit shall be~~  
21 ~~allowed for all service credit months of service rendered by a member~~  
22 ~~from and after the member's initial commencement of employment as a~~  
23 ~~fire fighter or law enforcement officer, during which the member worked~~  
24 ~~for seventy or more hours, or was on disability leave or disability~~  
25 ~~retirement. Only service credit months of service shall be counted in~~  
26 ~~the computation of any retirement allowance or other benefit provided~~  
27 ~~for in this chapter.~~

28 ~~(i) For members retiring after May 21, 1971 who were employed under~~  
29 ~~the coverage of a prior pension act before March 1, 1970, "service"~~  
30 ~~shall also include (A) such military service not exceeding five years~~  
31 ~~as was creditable to the member as of March 1, 1970, under the member's~~  
32 ~~particular prior pension act, and (B) such other periods of service as~~  
33 ~~were then creditable to a particular member under the provisions of RCW~~  
34 ~~41.18.165, 41.20.160 or 41.20.170. However, in no event shall credit~~  
35 ~~be allowed for any service rendered prior to March 1, 1970, where the~~  
36 ~~member at the time of rendition of such service was employed in a~~  
37 ~~position covered by a prior pension act, unless such service, at the~~  
38 ~~time credit is claimed therefor, is also creditable under the~~  
39 ~~provisions of such prior act.~~

1       ~~(ii) A member who is employed by two employers at the same time~~  
2 ~~shall only be credited with service to one such employer for any month~~  
3 ~~during which the member rendered such dual service.~~

4       (b)) "Service" ((for plan 2 members,)) means periods of employment  
5 by a member for one or more employers for which basic salary is earned  
6 for ninety or more hours per calendar month which shall constitute a  
7 service credit month. Periods of employment by a member for one or  
8 more employers for which basic salary is earned for at least seventy  
9 hours but less than ninety hours per calendar month shall constitute  
10 one-half service credit month. Periods of employment by a member for  
11 one or more employers for which basic salary is earned for less than  
12 seventy hours shall constitute a one-quarter service credit month.

13       Members of the retirement system who are elected or appointed to a  
14 state elective position may elect to continue to be members of this  
15 retirement system.

16       Service credit years of service shall be determined by dividing the  
17 total number of service credit months of service by twelve. Any  
18 fraction of a service credit year of service as so determined shall be  
19 taken into account in the computation of such retirement allowance or  
20 benefits.

21       If a member receives basic salary from two or more employers during  
22 any calendar month, the individual shall receive one service credit  
23 month's service credit during any calendar month in which multiple  
24 service for ninety or more hours is rendered; or one-half service  
25 credit month's service credit during any calendar month in which  
26 multiple service for at least seventy hours but less than ninety hours  
27 is rendered; or one-quarter service credit month during any calendar  
28 month in which multiple service for less than seventy hours is  
29 rendered.

30       (15) "Accumulated contributions" means the employee's contributions  
31 made by a member, including any amount paid under RCW 41.50.165(2),  
32 plus accrued interest credited thereon.

33       (16) "Actuarial reserve" means a method of financing a pension or  
34 retirement plan wherein reserves are accumulated as the liabilities for  
35 benefit payments are incurred in order that sufficient funds will be  
36 available on the date of retirement of each member to pay the member's  
37 future benefits during the period of retirement.

38       (17) "Actuarial valuation" means a mathematical determination of  
39 the financial condition of a retirement plan. It includes the

1 computation of the present monetary value of benefits payable to  
2 present members, and the present monetary value of future employer and  
3 employee contributions, giving effect to mortality among active and  
4 retired members and also to the rates of disability, retirement,  
5 withdrawal from service, salary and interest earned on investments.

6 ~~(18) ("Disability board" for plan 1 members means either the  
7 county disability board or the city disability board established in RCW  
8 41.26.110.~~

9 ~~(19) "Disability leave" means the period of six months or any  
10 portion thereof during which a member is on leave at an allowance equal  
11 to the member's full salary prior to the commencement of disability  
12 retirement. The definition contained in this subsection shall apply  
13 only to plan 1 members.~~

14 ~~(20) "Disability retirement" for plan 1 members, means the period  
15 following termination of a member's disability leave, during which the  
16 member is in receipt of a disability retirement allowance.~~

17 ~~(21)) "Position" means the employment held at any particular time,  
18 which may or may not be the same as civil service rank.~~

19 ~~((22) "Medical services" for plan 1 members, shall include the  
20 following as minimum services to be provided. Reasonable charges for  
21 these services shall be paid in accordance with RCW 41.26.150.~~

22 ~~(a) Hospital expenses: These are the charges made by a hospital,  
23 in its own behalf, for~~

24 ~~(i) Board and room not to exceed semiprivate room rate unless  
25 private room is required by the attending physician due to the  
26 condition of the patient.~~

27 ~~(ii) Necessary hospital services, other than board and room,  
28 furnished by the hospital.~~

29 ~~(b) Other medical expenses: The following charges are considered  
30 "other medical expenses", provided that they have not been considered  
31 as "hospital expenses".~~

32 ~~(i) The fees of the following:~~

33 ~~(A) A physician or surgeon licensed under the provisions of chapter  
34 18.71 RCW;~~

35 ~~(B) An osteopathic physician and surgeon licensed under the  
36 provisions of chapter 18.57 RCW;~~

37 ~~(C) A chiropractor licensed under the provisions of chapter 18.25  
38 RCW.~~

1       ~~(ii) The charges of a registered graduate nurse other than a nurse~~  
2 ~~who ordinarily resides in the member's home, or is a member of the~~  
3 ~~family of either the member or the member's spouse.~~

4       ~~(iii) The charges for the following medical services and supplies:~~

5       ~~(A) Drugs and medicines upon a physician's prescription;~~

6       ~~(B) Diagnostic x ray and laboratory examinations;~~

7       ~~(C) X ray, radium, and radioactive isotopes therapy;~~

8       ~~(D) Anesthesia and oxygen;~~

9       ~~(E) Rental of iron lung and other durable medical and surgical~~  
10 ~~equipment;~~

11       ~~(F) Artificial limbs and eyes, and casts, splints, and trusses;~~

12       ~~(G) Professional ambulance service when used to transport the~~  
13 ~~member to or from a hospital when injured by an accident or stricken by~~  
14 ~~a disease;~~

15       ~~(H) Dental charges incurred by a member who sustains an accidental~~  
16 ~~injury to his or her teeth and who commences treatment by a legally~~  
17 ~~licensed dentist within ninety days after the accident;~~

18       ~~(I) Nursing home confinement or hospital extended care facility;~~

19       ~~(J) Physical therapy by a registered physical therapist;~~

20       ~~(K) Blood transfusions, including the cost of blood and blood~~  
21 ~~plasma not replaced by voluntary donors;~~

22       ~~(L) An optometrist licensed under the provisions of chapter 18.53~~  
23 ~~RCW.~~

24       ~~(23))~~ (19) "Regular interest" means such rate as the director may  
25 determine.

26       ~~((24))~~ (20) "Retiree" ~~((for persons who establish membership in~~  
27 ~~the retirement system on or after October 1, 1977,))~~ means any member  
28 in receipt of a retirement allowance or other benefit provided by this  
29 chapter resulting from service rendered to an employer by such member.

30       ~~((25))~~ (21) "Director" means the director of the department.

31       ~~((26))~~ (22) "State actuary" or "actuary" means the person  
32 appointed pursuant to RCW 44.44.010(2).

33       ~~((27))~~ (23) "State elective position" means any position held by  
34 any person elected or appointed to statewide office or elected or  
35 appointed as a member of the legislature.

36       ~~((28))~~ (24) "Plan 1" means the law enforcement officers' and fire  
37 fighters' retirement system, plan 1 providing the benefits and funding  
38 provisions covering persons who first became members of the system  
39 prior to October 1, 1977, which plan was terminated effective July 1,

1 2001, and members transferred to the retirement system established by  
2 chapter 41.26A RCW.

3 ((+29+)) (25) "Plan 2" means the law enforcement officers' and fire  
4 fighters' retirement system, plan 2 providing the benefits and funding  
5 provisions covering persons who first became members of the system on  
6 and after October 1, 1977.

7 ((+30+)) (26) "Service credit year" means an accumulation of months  
8 of service credit which is equal to one when divided by twelve.

9 ((+31+)) (27) "Service credit month" means a full service credit  
10 month or an accumulation of partial service credit months that are  
11 equal to one.

12 ((+32+)) (28) "General authority law enforcement agency" means any  
13 agency, department, or division of a municipal corporation, political  
14 subdivision, or other unit of local government of this state, and any  
15 agency, department, or division of state government, having as its  
16 primary function the detection and apprehension of persons committing  
17 infractions or violating the traffic or criminal laws in general, but  
18 not including the Washington state patrol. Such an agency, department,  
19 or division is distinguished from a limited authority law enforcement  
20 agency having as one of its functions the apprehension or detection of  
21 persons committing infractions or violating the traffic or criminal  
22 laws relating to limited subject areas, including but not limited to,  
23 the state departments of natural resources, fish and wildlife, and  
24 social and health services, the state gambling commission, the state  
25 lottery commission, the state parks and recreation commission, the  
26 state utilities and transportation commission, the state liquor control  
27 board, and the state department of corrections.

28 **Sec. 103.** RCW 41.26.040 and 1991 c 35 s 15 are each amended to  
29 read as follows:

30 The Washington law enforcement officers' and fire fighters'  
31 retirement system plan 2 is hereby created for fire fighters and law  
32 enforcement officers.

33 (1) ((~~Notwithstanding RCW 41.26.030(8),~~)) All fire fighters and law  
34 enforcement officers employed as such on or after ((~~March 1, 1970~~))  
35 October 1, 1977, on a full time fully compensated basis in this state  
36 shall be members of the retirement system established by this chapter  
37 with respect to all periods of service as such, to the exclusion of any  
38 pension system existing under any prior act.



1       (2) (~~Any employee serving as a law enforcement officer or fire~~  
2 ~~fighter on March 1, 1970, who is then making retirement contributions~~  
3 ~~under any prior act shall have his membership transferred to the system~~  
4 ~~established by this chapter as of such date. Upon retirement for~~  
5 ~~service or for disability, or death, of any such employee, his~~  
6 ~~retirement benefits earned under this chapter shall be computed and~~  
7 ~~paid. In addition, his benefits under the prior retirement act to~~  
8 ~~which he was making contributions at the time of this transfer shall be~~  
9 ~~computed as if he had not transferred. For the purpose of such~~  
10 ~~computations, the employee's creditability of service and eligibility~~  
11 ~~for service or disability retirement and survivor and all other~~  
12 ~~benefits shall continue to be as provided in such prior retirement act,~~  
13 ~~as if transfer of membership had not occurred. The excess, if any, of~~  
14 ~~the benefits so computed, giving full value to survivor benefits, over~~  
15 ~~the benefits payable under this chapter shall be paid whether or not~~  
16 ~~the employee has made application under the prior act. If the~~  
17 ~~employee's prior retirement system was the Washington public employees'~~  
18 ~~retirement system, payment of such excess shall be made by that system;~~  
19 ~~if the employee's prior retirement system was the statewide city~~  
20 ~~employees' retirement system, payment of such excess shall be made by~~  
21 ~~the employer which was the member's employer when his transfer of~~  
22 ~~membership occurred: PROVIDED, That any death in line of duty lump sum~~  
23 ~~benefit payment shall continue to be the obligation of that system as~~  
24 ~~provided in RCW 41.44.210; in the case of all other prior retirement~~  
25 ~~systems, payment of such excess shall be made by the employer which was~~  
26 ~~the member's employer when his transfer of membership occurred.~~

27       (3)) All funds held by any firemen's or policemen's relief and  
28 pension fund shall remain in that fund for the purpose of paying the  
29 obligations of the fund. The municipality shall continue to levy the  
30 dollar rate as provided in RCW 41.16.060, and this dollar rate shall be  
31 used for the purpose of paying the benefits provided in chapters 41.16  
32 and 41.18 RCW. The obligations of chapter 41.20 RCW shall continue to  
33 be paid from whatever financial sources the city has been using for  
34 this purpose.

35       **Sec. 104.** RCW 41.26.061 and 1997 c 103 s 1 are each amended to  
36 read as follows:

37       A member shall not receive a disability retirement benefit under  
38 RCW (~~(41.26.120, 41.26.125, 41.26.130, or)~~) 41.26.470 if the disability

1 is the result of criminal conduct by the member committed after April  
2 21, 1997.

3 **PART II**

4 **CHAPTER 41.26A RCW: RESTATED LEOFF RETIREMENT SYSTEM**

5 NEW SECTION. **Sec. 201.** APPLICATION OF CHAPTER. This chapter  
6 applies to members of the restated law enforcement officers' and fire  
7 fighters' retirement system. Membership in the system is limited to  
8 those persons who were members of plan 1 of the law enforcement  
9 officers' and fire fighters' retirement system under chapter 41.26 RCW  
10 prior to July 1, 2001.

11 NEW SECTION. **Sec. 202.** DEFINITIONS. The definitions in this  
12 section apply throughout this chapter unless the context clearly  
13 requires otherwise.

14 (1) "Retirement system" means the restated law enforcement  
15 officers' and fire fighters' retirement system.

16 (2) "Employer" means the legislative authority of any city, town,  
17 county, or district or the elected officials of any municipal  
18 corporation that employs any law enforcement officer and/or fire  
19 fighter, any authorized association of such municipalities, and, except  
20 for the purposes of section 225 of this act, any labor guild,  
21 association, or organization, which represents the fire fighters or law  
22 enforcement officers of at least seven cities of over twenty thousand  
23 population and the membership of each local lodge or division of which  
24 is composed of at least sixty percent law enforcement officers or fire  
25 fighters as defined in this chapter.

26 (3) "Law enforcement officer" beginning January 1, 1994, means any  
27 person who is commissioned and employed by an employer on a full-time,  
28 fully compensated basis to enforce the criminal laws of the state of  
29 Washington generally, with the following qualifications:

30 (a) No person who is serving in a position that is basically  
31 clerical or secretarial in nature, and who is not commissioned shall be  
32 considered a law enforcement officer;

33 (b) Only those deputy sheriffs, including those serving under a  
34 different title pursuant to county charter, who have successfully  
35 completed a civil service examination for deputy sheriff or the  
36 equivalent position, where a different title is used, and those persons

1 serving in unclassified positions authorized by RCW 41.14.070 except a  
2 private secretary will be considered law enforcement officers;

3 (c) Only such full-time commissioned law enforcement personnel as  
4 have been appointed to offices, positions, or ranks in the police  
5 department which have been specifically created or otherwise expressly  
6 provided for and designated by city charter provision or by ordinance  
7 enacted by the legislative body of the city shall be considered city  
8 police officers;

9 (d) The term "law enforcement officer" also includes the executive  
10 secretary of a labor guild, association, or organization (which is an  
11 employer under this section) if that individual has five years previous  
12 membership in the retirement system established in chapter 41.20 RCW;  
13 and

14 (e) The term "law enforcement officer" also includes a person  
15 employed on or after January 1, 1993, as a public safety officer or  
16 director of public safety, so long as the job duties substantially  
17 involve only either police or fire duties, or both, and no other duties  
18 in a city or town with a population of less than ten thousand. The  
19 provisions of this subsection (3)(e) shall not apply to any public  
20 safety officer or director of public safety who is receiving a  
21 retirement allowance under this chapter as of May 12, 1993.

22 (4) "Fire fighter" means:

23 (a) Any person who is serving on a full-time, fully compensated  
24 basis as a member of a fire department of an employer and who is  
25 serving in a position which requires passing a civil service  
26 examination for fire fighter, and who is actively employed as such;

27 (b) Anyone who is actively employed as a full-time fire fighter  
28 where the fire department does not have a civil service examination;

29 (c) Supervisory fire fighter personnel;

30 (d) Any full-time executive secretary of an association of fire  
31 protection districts authorized under RCW 52.12.031;

32 (e) The executive secretary of a labor guild, association, or  
33 organization (which is an employer under this section), if such  
34 individual has five years previous membership in a retirement system  
35 established in chapter 41.16 or 41.18 RCW;

36 (f) Any person who is serving on a full-time, fully compensated  
37 basis for an employer, as a fire dispatcher, in a department in which,  
38 on March 1, 1970, a dispatcher was required to have passed a civil  
39 service examination for fire fighter; and

1 (g) Any person who on March 1, 1970, was employed on a full-time,  
2 fully compensated basis by an employer, and who on May 21, 1971, was  
3 making retirement contributions under the provisions of chapter 41.16  
4 or 41.18 RCW.

5 (5) "Department" means the department of retirement systems created  
6 in chapter 41.50 RCW.

7 (6) "Surviving spouse" means the surviving widow or widower of a  
8 member. "Surviving spouse" shall not include the divorced spouse of a  
9 member except as provided in section 228 of this act.

10 (7)(a) "Child" or "children" means an unmarried person who is under  
11 the age of eighteen or mentally or physically handicapped as determined  
12 by the department, except a handicapped person in the full-time care of  
13 a state institution, who is:

14 (i) A natural born child;

15 (ii) A stepchild where that relationship was in existence prior to  
16 the date benefits are payable under this chapter;

17 (iii) A posthumous child;

18 (iv) A child legally adopted or made a legal ward of a member prior  
19 to the date benefits are payable under this chapter; or

20 (v) An illegitimate child legitimized prior to the date any  
21 benefits are payable under this chapter.

22 (b) A person shall also be deemed to be a child up to and including  
23 the age of twenty years and eleven months while attending any high  
24 school, college, or vocational or other educational institution  
25 accredited, licensed, or approved by the state, in which it is located,  
26 including the summer vacation months and all other normal and regular  
27 vacation periods at the particular educational institution after which  
28 the child returns to school.

29 (8) "Member" means any fire fighter, law enforcement officer, or  
30 other person as would apply under subsection (3) or (4) of this section  
31 whose membership is transferred to the Washington law enforcement  
32 officers' and fire fighters' retirement system on or after March 1,  
33 1970, and every law enforcement officer and fire fighter who is  
34 employed in that capacity on or after such date.

35 (9) "Retirement fund" means the restated law enforcement officers'  
36 and fire fighters' defined benefit retirement fund.

37 (10) "Employee" means any law enforcement officer or fire fighter  
38 as defined in subsections (3) and (4) of this section.

1 (11) "Beneficiary" means any person in receipt of a retirement  
2 allowance, disability allowance, death benefit, or any other benefit  
3 described herein.

4 (12) "Final average salary" means (a) for a member holding the same  
5 position or rank for a minimum of twelve months preceding the date of  
6 retirement, the basic salary attached to such same position or rank at  
7 time of retirement; (b) for any other member, including a civil service  
8 member who has not served a minimum of twelve months in the same  
9 position or rank preceding the date of retirement, the average of the  
10 greatest basic salaries payable to such member during any consecutive  
11 twenty-four month period within such member's last ten years of service  
12 for which service credit is allowed, computed by dividing the total  
13 basic salaries payable to such member during the selected twenty-four  
14 month period by twenty-four; (c) in the case of disability of any  
15 member, the basic salary payable to such member at the time of  
16 disability retirement; (d) in the case of a member who hereafter vests  
17 pursuant to section 216 of this act, the basic salary payable to such  
18 member at the time of vesting.

19 (13) "Basic salary" means the basic monthly rate of salary or  
20 wages, including longevity pay but not including overtime earnings or  
21 special salary or wages, upon which pension or retirement benefits will  
22 be computed and upon which employer contributions and salary deductions  
23 will be based.

24 (14) "Service" means all periods of employment for an employer as  
25 a fire fighter or law enforcement officer, for which compensation is  
26 paid, together with periods of suspension not exceeding thirty days in  
27 duration. For the purposes of this chapter service also includes  
28 service in the armed forces of the United States as provided in section  
29 230 of this act. Credit shall be allowed for all service credit months  
30 of service rendered by a member from and after the member's initial  
31 commencement of employment as a fire fighter or law enforcement  
32 officer, during which the member worked for seventy or more hours, or  
33 was on disability leave or disability retirement. Only service credit  
34 months of service shall be counted in the computation of any retirement  
35 allowance or other benefit provided for in this chapter.

36 (a) For members retiring after May 21, 1971, who were employed  
37 under the coverage of a prior pension act before March 1, 1970,  
38 "service" also includes (i) such military service not exceeding five  
39 years as was creditable to the member as of March 1, 1970, under the

1 member's particular prior pension act, and (ii) such other periods of  
2 service as were then creditable to a particular member under the  
3 provisions of RCW 41.18.165, 41.20.160 or 41.20.170. However, in no  
4 event shall credit be allowed for any service rendered prior to March  
5 1, 1970, where the member at the time of rendition of such service was  
6 employed in a position covered by a prior pension act, unless such  
7 service, at the time credit is claimed therefor, is also creditable  
8 under the provisions of such prior act.

9 (b) A member who is employed by two employers at the same time  
10 shall only be credited with service to one such employer for any month  
11 during which the member rendered such dual service.

12 (15) "Accumulated contributions" means the employee's contributions  
13 made by a member, including any amount paid under RCW 41.50.165(2),  
14 plus accrued interest credited thereon.

15 (16) "Actuarial reserve" means a method of financing a pension or  
16 retirement plan wherein reserves are accumulated as the liabilities for  
17 benefit payments are incurred in order that sufficient funds will be  
18 available on the date of retirement of each member to pay the member's  
19 future benefits during the period of retirement.

20 (17) "Actuarial valuation" means a mathematical determination of  
21 the financial condition of a retirement plan. It includes the  
22 computation of the present monetary value of benefits payable to  
23 present members, and the present monetary value of future employer and  
24 employee contributions, giving effect to mortality among active and  
25 retired members and also to the rates of disability, retirement,  
26 withdrawal from service, salary and interest earned on investments.

27 (18) "Disability board" means either the county disability board or  
28 the city disability board established in section 218 of this act.

29 (19) "Disability leave" means the period of six months or any  
30 portion thereof during which a member is on leave at an allowance equal  
31 to the member's full salary prior to the commencement of disability  
32 retirement.

33 (20) "Disability retirement" means the period following termination  
34 of a member's disability leave, during which the member is in receipt  
35 of a disability retirement allowance.

36 (21) "Position" means the employment held at any particular time,  
37 which may or may not be the same as civil service rank.

1 (22) "Medical services" include the following as minimum services  
2 to be provided. Reasonable charges for these services shall be paid in  
3 accordance with section 225 of this act.

4 (a) Hospital expenses: These are the charges made by a hospital,  
5 in its own behalf, for:

6 (i) Board and room not to exceed semiprivate room rate unless  
7 private room is required by the attending physician due to the  
8 condition of the patient.

9 (ii) Necessary hospital services, other than board and room,  
10 furnished by the hospital.

11 (b) Other medical expenses: The following charges are considered  
12 "other medical expenses," provided that they have not been considered  
13 as "hospital expenses."

14 (i) The fees of the following:

15 (A) A physician or surgeon licensed under the provisions of chapter  
16 18.71 RCW;

17 (B) An osteopathic physician and surgeon licensed under the  
18 provisions of chapter 18.57 RCW;

19 (C) A chiropractor licensed under the provisions of chapter 18.25  
20 RCW.

21 (ii) The charges of a registered graduate nurse other than a nurse  
22 who ordinarily resides in the member's home, or is a member of the  
23 family of either the member or the member's spouse.

24 (iii) The charges for the following medical services and supplies:

25 (A) Drugs and medicines upon a physician's prescription;

26 (B) Diagnostic x-ray and laboratory examinations;

27 (C) X-ray, radium, and radioactive isotopes therapy;

28 (D) Anesthesia and oxygen;

29 (E) Rental of iron lung and other durable medical and surgical  
30 equipment;

31 (F) Artificial limbs and eyes, and casts, splints, and trusses;

32 (G) Professional ambulance service when used to transport the  
33 member to or from a hospital when injured by an accident or stricken by  
34 a disease;

35 (H) Dental charges incurred by a member who sustains an accidental  
36 injury to his or her teeth and who commences treatment by a legally  
37 licensed dentist within ninety days after the accident;

38 (I) Nursing home confinement or hospital extended care facility;

39 (J) Physical therapy by a registered physical therapist;

1 (K) Blood transfusions, including the cost of blood and blood  
2 plasma not replaced by voluntary donors;

3 (L) An optometrist licensed under the provisions of chapter 18.53  
4 RCW.

5 (23) "Regular interest" means such rate as the director may  
6 determine.

7 (24) "Director" means the director of the department.

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

10 (26) "State elective position" means any position held by any  
11 person elected or appointed to statewide office or elected or appointed  
12 as a member of the legislature.

13 (27) "Service credit year" means an accumulation of months of  
14 service credit which is equal to one when divided by twelve.

15 (28) "Service credit month" means a full service credit month or an  
16 accumulation of partial service credit months that are equal to one.

17 (29) "General authority law enforcement agency" means any agency,  
18 department, or division of a municipal corporation, political  
19 subdivision, or other unit of local government of this state, and any  
20 agency, department, or division of state government, having as its  
21 primary function the detection and apprehension of persons committing  
22 infractions or violating the traffic or criminal laws in general, but  
23 not including the Washington state patrol. Such an agency, department,  
24 or division is distinguished from a limited authority law enforcement  
25 agency having as one of its functions the apprehension or detection of  
26 persons committing infractions or violating the traffic or criminal  
27 laws relating to limited subject areas, including but not limited to,  
28 the state departments of natural resources, fish and wildlife, and  
29 social and health services, the state gambling commission, the state  
30 lottery commission, the state parks and recreation commission, the  
31 state utilities and transportation commission, the state liquor control  
32 board, and the state department of corrections.

33 NEW SECTION. **Sec. 203.** SYSTEM CREATED--MEMBERSHIP--FUNDS. The  
34 restated law enforcement officers' and fire fighters' retirement system  
35 is hereby created for fire fighters and law enforcement officers.

36 (1) Notwithstanding section 202(8) of this act, all fire fighters  
37 and law enforcement officers employed as such on or after March 1,  
38 1970, on a full-time fully compensated basis in this state shall be



1 members of the retirement system established by this chapter with  
2 respect to all periods of service as such, to the exclusion of any  
3 pension system existing under any prior act.

4 (2) Any employee serving as a law enforcement officer or fire  
5 fighter on March 1, 1970, who is then making retirement contributions  
6 under any prior act shall have his or her membership transferred to the  
7 system established by this chapter as of such date. Upon retirement  
8 for service or for disability, or death, of any such employee, his or  
9 her retirement benefits earned under this chapter shall be computed and  
10 paid. In addition, his or her benefits under the prior retirement act  
11 to which he or she was making contributions at the time of this  
12 transfer shall be computed as if he or she had not transferred. For  
13 the purpose of such computations, the employee's creditability of  
14 service and eligibility for service or disability retirement and  
15 survivor and all other benefits shall continue to be as provided in  
16 such prior retirement act, as if transfer of membership had not  
17 occurred. The excess, if any, of the benefits so computed, giving full  
18 value to survivor benefits, over the benefits payable under this  
19 chapter shall be paid whether or not the employee has made application  
20 under the prior act. If the employee's prior retirement system was the  
21 Washington public employees' retirement system, payment of such excess  
22 shall be made by that system; if the employee's prior retirement system  
23 was the statewide city employees' retirement system, payment of such  
24 excess shall be made by the employer which was the member's employer  
25 when his or her transfer of membership occurred: PROVIDED, That any  
26 death in line of duty lump sum benefit payment shall continue to be the  
27 obligation of that system as provided in RCW 41.44.210; in the case of  
28 all other prior retirement systems, payment of such excess shall be  
29 made by the employer which was the member's employer when his or her  
30 transfer of membership occurred.

31 (3) All funds held by any firemen's or policemen's relief and  
32 pension fund shall remain in that fund for the purpose of paying the  
33 obligations of the fund. The municipality shall continue to levy the  
34 dollar rate as provided in RCW 41.16.060, and this dollar rate shall be  
35 used for the purpose of paying the benefits provided in chapters 41.16  
36 and 41.18 RCW. The obligations of chapter 41.20 RCW shall continue to  
37 be paid from whatever financial sources the city has been using for  
38 this purpose.

1        NEW SECTION.    **Sec. 204.**    "MINIMUM MEDICAL AND HEALTH STANDARDS"  
2    DEFINED. The term "minimum medical and health standards" means minimum  
3    medical and health standards adopted by the department under this  
4    chapter.

5        NEW SECTION.    **Sec. 205.**    MINIMUM MEDICAL AND HEALTH STANDARDS.  
6    Notwithstanding any other provision of law after February 19, 1974, no  
7    law enforcement officer or fire fighter, may become eligible for  
8    coverage in the pension system established by this chapter until the  
9    individual has met and has been certified as having met minimum medical  
10   and health standards:    PROVIDED, That an elected sheriff or an  
11   appointed chief of police or fire chief, shall not be required to meet  
12   the age standard:    PROVIDED FURTHER, That in cities and towns having  
13   not more than two law enforcement officers and/or not more than two  
14   fire fighters and if one or more of such persons do not meet the  
15   minimum medical and health standards as required by the provisions of  
16   this chapter, then such person or persons may join any other pension  
17   system that the city has available for its other employees:    AND  
18   PROVIDED FURTHER, That for one year after February 19, 1974, any such  
19   medical or health standard now existing or hereinafter adopted, insofar  
20   as it establishes a maximum age beyond which an applicant is to be  
21   deemed ineligible for coverage, shall be waived as to any applicant for  
22   employment or reemployment who is otherwise eligible except for his or  
23   her age, who has been a member of any one or more of the retirement  
24   systems created by chapter 41.20 RCW and who has restored all  
25   contributions which he or she has previously withdrawn from any such  
26   system or systems.

27        NEW SECTION.    **Sec. 206.**    MINIMUM MEDICAL AND HEALTH  
28   STANDARDS--BOARD TO ADOPT--PUBLICATION AND DISTRIBUTION--EMPLOYER  
29   CERTIFICATION PROCEDURES. The department shall adopt minimum medical  
30   and health standards for membership coverage into the retirement  
31   system. In adopting such standards the department shall consider  
32   existing standards recommended by the international association of  
33   chiefs of police and the international association of fire fighters,  
34   and shall adopt equal or higher standards, together with appropriate  
35   standards and procedures to ensure uniform compliance with this  
36   chapter. The standards when adopted shall be published and distributed  
37   to each employer, and each employer shall adopt certification

1 procedures and such other procedures as are required to ensure that no  
2 law enforcement officer or fire fighter receives membership coverage  
3 unless and until he or she has actually met minimum medical and health  
4 standards: PROVIDED, That an elected sheriff or an appointed chief of  
5 police, fire chief, or director of public safety shall not be required  
6 to meet the age standard. The department may amend the minimum medical  
7 and health standards as experience indicates, even if the standards as  
8 so amended are lower or less rigid than those recommended by the  
9 international associations mentioned above. The cost of the medical  
10 examination contemplated by this section is to be paid by the employer.

11 NEW SECTION. **Sec. 207.** MINIMUM MEDICAL AND HEALTH  
12 STANDARDS--EXEMPTIONS--EMPLOYER MAY ADOPT HIGHER STANDARDS. Nothing in  
13 sections 204 through 206 of this act shall apply to any fire fighters  
14 or law enforcement officers who are employed as such on or before  
15 August 1, 1971, as long as they continue in such employment; nor to  
16 promotional appointments after becoming a member in the police or fire  
17 department of any employer nor to the reemployment of a law enforcement  
18 officer or fire fighter by the same or a different employer within six  
19 months after the termination of his or her employment, nor to the  
20 reinstatement of a law enforcement officer or fire fighter who has been  
21 on military or disability leave, disability retirement status, or leave  
22 of absence status. Nothing in this chapter shall be deemed to prevent  
23 any employer from adopting higher medical and health standards than  
24 those which are adopted by the department.

25 NEW SECTION. **Sec. 208.** SPECIAL DEATH BENEFIT--DEATH IN THE COURSE  
26 OF EMPLOYMENT. (1) A one hundred fifty thousand dollar death benefit  
27 shall be paid to the member's estate, or such person or persons, trust  
28 or organization as the member shall have nominated by written  
29 designation duly executed and filed with the department. If there be  
30 no such designated person or persons still living at the time of the  
31 member's death, such member's death benefit shall be paid to the  
32 member's surviving spouse as if in fact such spouse had been nominated  
33 by written designation, or if there be no such surviving spouse, then  
34 to such member's legal representatives.

35 (2) The benefit under this section shall be paid only where death  
36 occurs as a result of injuries sustained in the course of employment.  
37 The determination of eligibility for the benefit shall be made

1 consistent with Title 51 RCW by the department of labor and industries.  
2 The department of labor and industries shall notify the department of  
3 retirement systems by order under RCW 51.52.050.

4 NEW SECTION. **Sec. 209.** EXEMPTION FROM JUDICIAL PROCESS,  
5 TAXES--EXCEPTIONS--DEDUCTION FOR INSURANCE UPON REQUEST. (1) Subject  
6 to subsections (2) and (3) of this section, the right of a person to a  
7 retirement allowance, disability allowance, or death benefit, to the  
8 return of accumulated contributions, the retirement, disability, or  
9 death allowance itself, any optional benefit, any other right accrued  
10 or accruing to any person under the provisions of this chapter, and the  
11 moneys in the fund created under this chapter, are hereby exempt from  
12 any state, county, municipal, or other local tax and shall not be  
13 subject to execution, garnishment, attachment, the operation of  
14 bankruptcy or insolvency laws, or any other process of law whatsoever,  
15 and shall be unassignable.

16 (2) On the written request of any person eligible to receive  
17 benefits under this section, the department may deduct from such  
18 payments the premiums for life, health, or other insurance. The  
19 request on behalf of any child or children shall be made by the legal  
20 guardian of such child or children. The department may provide for  
21 such persons one or more plans of group insurance, through contracts  
22 with regularly constituted insurance carriers or health care service  
23 contractors.

24 (3) Subsection (1) of this section shall not prohibit the  
25 department from complying with (a) a wage assignment order for child  
26 support issued pursuant to chapter 26.18 RCW, (b) an order to withhold  
27 and deliver issued pursuant to chapter 74.20A RCW, (c) a notice of  
28 payroll deduction issued pursuant to RCW 26.23.060, (d) a mandatory  
29 benefits assignment order issued by the department, (e) a court order  
30 directing the department to pay benefits directly to an obligee under  
31 a dissolution order as defined in RCW 41.50.500(3) which fully complies  
32 with RCW 41.50.670 and 41.50.700, or (f) any administrative or court  
33 order expressly authorized by federal law.

34 NEW SECTION. **Sec. 210.** NO BOND REQUIRED ON APPEAL TO COURT. No  
35 bond of any kind shall be required of a claimant appealing to the  
36 superior court, the court of appeals, or the supreme court from a

1 decision of the director affecting such claimant's right to retirement  
2 or disability benefits.

3 NEW SECTION. **Sec. 211.** BENEFIT CALCULATION--LIMITATION. (1) The  
4 annual compensation taken into account in calculating retiree benefits  
5 under this system shall not exceed the limits imposed by section  
6 401(a)(17) of the federal internal revenue code for qualified trusts.

7 (2) The department shall adopt rules as necessary to implement this  
8 section.

9 NEW SECTION. **Sec. 212.** ESTABLISHING, RESTORING SERVICE CREDIT.  
10 Notwithstanding any provision to the contrary, persons who fail to:

11 (1) Establish allowable membership service not previously credited;

12 (2) Restore all or a part of that previously credited membership  
13 service represented by withdrawn contributions; or

14 (3) Restore service credit represented by a lump sum payment in  
15 lieu of benefits, before the deadline established by statute, may do so  
16 under the conditions set forth in RCW 41.50.165.

17 NEW SECTION. **Sec. 213.** DISABILITY RETIREMENT--CRIMINAL CONDUCT.  
18 A member shall not receive a disability retirement benefit under  
19 sections 220 through 222 of this act if the disability is the result of  
20 criminal conduct by the member committed after April 21, 1997.

21 NEW SECTION. **Sec. 214.** FALSIFICATION--PENALTY. Any employer,  
22 member, or beneficiary who knowingly makes false statements or  
23 falsifies or permits to be falsified any record or records of the  
24 retirement system in an attempt to defraud the retirement system, is  
25 guilty of a felony.

26 NEW SECTION. **Sec. 215.** FUNDING TOTAL LIABILITY OF SYSTEM. No  
27 employer or member contribution is required. The total liability of  
28 the retirement system is funded as provided in sections 4 and 5 of this  
29 act.

30 NEW SECTION. **Sec. 216.** RETIREMENT FOR SERVICE. Retirement of a  
31 member for service shall be made by the department as follows:

32 (1) Any member having five or more service credit years of service  
33 and having attained the age of fifty years shall be eligible for a

1 service retirement allowance and shall be retired upon the member's  
2 written request effective the first day following the date upon which  
3 the member is separated from service.

4 (2) Any member having five or more service credit years of service,  
5 who terminates his or her employment with any employer, may leave his  
6 or her contributions in the fund. Any employee who so elects, upon  
7 attaining age fifty, shall be eligible to apply for and receive a  
8 service retirement allowance based on his or her years of service,  
9 commencing on the first day following his or her attainment of age  
10 fifty.

11 (3) Any member selecting optional vesting under subsection (2) of  
12 this section with less than twenty service credit years of service  
13 shall not be covered by the provisions of section 225 of this act, and  
14 the member's survivors shall not be entitled to the benefits of section  
15 226 of this act unless his or her death occurs after he or she has  
16 attained the age of fifty years. Those members selecting this optional  
17 vesting with twenty or more years service shall not be covered by the  
18 provisions of section 225 of this act until the attainment of the age  
19 of fifty years. A member selecting this optional vesting, with less  
20 than twenty service credit years of service credit, who dies prior to  
21 attaining the age of fifty years, shall have paid from the restated law  
22 enforcement officers' and fire fighters' defined benefit retirement  
23 fund, to such member's surviving spouse, if any, otherwise to such  
24 beneficiary as the member shall have designated in writing, or if no  
25 such designation has been made, to the personal representative of his  
26 or her estate, a lump sum which is equal to the amount of such member's  
27 accumulated contributions plus accrued interest. If the vested member  
28 has twenty or more service credit years of service credit the surviving  
29 spouse or children shall then become eligible for the benefits of  
30 section 226 of this act regardless of the member's age at the time of  
31 his or her death, to the exclusion of the lump sum amount provided by  
32 this subsection.

33 (4) Any member who has attained the age of sixty years shall be  
34 retired on the first day of the calendar month next succeeding that in  
35 which said member shall have attained the age of sixty and may not  
36 thereafter be employed as a law enforcement officer or fire fighter:  
37 PROVIDED, That for any member who is elected or appointed to the office  
38 of sheriff, chief of police, or fire chief, his or her election or  
39 appointment shall be considered as a waiver of the age sixty provision

1 for retirement and nonemployment for whatever number of years remain in  
2 his or her present term of office and any succeeding periods for which  
3 he or she may be so elected or appointed. The provisions of this  
4 subsection shall not apply to any member who is employed as a law  
5 enforcement officer or fire fighter on March 1, 1970.

6 NEW SECTION. **Sec. 217.** ALLOWANCE ON RETIREMENT FOR SERVICE. A  
7 member upon retirement for service shall receive a monthly retirement  
8 allowance computed according to his or her completed creditable service  
9 credit years of service as follows: Five years but under ten years,  
10 one-twelfth of one percent of his or her final average salary for each  
11 month of service; ten years but under twenty years, one-twelfth of one  
12 and one-half percent of his or her final average salary for each month  
13 of service; and twenty years and over one-twelfth of two percent of his  
14 or her final average salary for each month of service: PROVIDED, That  
15 the recipient of a retirement allowance who shall return to service as  
16 a law enforcement officer or fire fighter shall be considered to have  
17 terminated his or her retirement status and he or she shall immediately  
18 become a member of the retirement system with the status of membership  
19 he or she had as of the date of retirement. Retirement benefits shall  
20 be suspended during the period of his or her return to service and he  
21 or she shall make contributions and receive service credit. Such a  
22 member shall have the right to again retire at any time and his or her  
23 retirement allowance shall be recomputed, and paid, based upon  
24 additional service rendered and any change in final average salary:  
25 PROVIDED FURTHER, That no retirement allowance paid pursuant to this  
26 section shall exceed sixty percent of final average salary, except as  
27 such allowance may be increased by virtue of section 238 of this act.

28 NEW SECTION. **Sec. 218.** CITY AND COUNTY DISABILITY BOARDS  
29 AUTHORIZED. (1) All claims for disability shall be acted upon and  
30 either approved or disapproved by either type of disability board  
31 created under this section.

32 (a) Each city having a population of twenty thousand or more shall  
33 establish a disability board having jurisdiction over all members  
34 employed by the cities and composed of the following five members: Two  
35 members of the city legislative body to be appointed by the mayor, one  
36 active or retired fire fighter to be elected by the fire fighters  
37 employed by or retired from the city, one active or retired law

1 enforcement officer to be elected by the law enforcement officers  
2 employed by or retired from the city, and one member from the public at  
3 large who resides within the city to be appointed by the other four  
4 members designated in this subsection. Retired members who are subject  
5 to the jurisdiction of the board have both the right to elect and the  
6 right to be elected under this section. Each of the elected members  
7 shall serve a two-year term. The members appointed pursuant to this  
8 subsection shall serve for two-year terms: PROVIDED, That cities of  
9 the first class only, shall retain existing firemen's pension boards  
10 established pursuant to RCW 41.16.020 and existing boards of trustees  
11 of the relief and pension fund of the police department as established  
12 pursuant to RCW 41.20.010 which such boards shall have authority to act  
13 upon and approve or disapprove claims for disability by fire fighters  
14 or law enforcement officers as provided under this chapter. No  
15 disability boards shall be established under the authority of this  
16 subsection (1)(a) after December 31, 2001.

17 (b) Each county shall establish a disability board having  
18 jurisdiction over all members residing in the county and not employed  
19 by a city in which a disability board is established. The county  
20 disability board so created shall be composed of five members to be  
21 chosen as follows: One member of the legislative body of the county to  
22 be appointed by the county legislative body, one member of a city or  
23 town legislative body located within the county which does not contain  
24 a city disability board established pursuant to (a) of this subsection  
25 to be chosen by a majority of the mayors of such cities and towns  
26 within the county which does not contain a city disability board, one  
27 fire fighter or retired fire fighter to be elected by the fire fighters  
28 employed or retired in the county who are not employed by or retired  
29 from a city in which a disability board is established, one law  
30 enforcement officer or retired law enforcement officer to be elected by  
31 the law enforcement officers employed in or retired from the county who  
32 are not employed by or retired from a city in which a disability board  
33 is established, and one member from the public at large who resides  
34 within the county but does not reside within a city in which a city  
35 disability board is established, to be appointed by the other four  
36 members designated in this subsection. However, in counties with a  
37 population less than sixty thousand, the member of the disability board  
38 appointed by a majority of the mayors of the cities and towns within  
39 the county that do not contain a city disability board must be a



1 resident of one of the cities and towns but need not be a member of a  
2 city or town legislative body. Retired members who are subject to the  
3 jurisdiction of the board have both the right to elect and the right to  
4 be elected under this section. All members appointed or elected  
5 pursuant to this subsection shall serve for two-year terms.

6 (2) The members of both the county and city disability boards shall  
7 not receive compensation for their service upon the boards but the  
8 members shall be reimbursed by their respective county or city for all  
9 expenses incidental to such service as to the amount authorized by law.

10 (3) The disability boards authorized for establishment by this  
11 section shall perform all functions, exercise all powers, and make all  
12 such determinations as specified in this chapter.

13 NEW SECTION. **Sec. 219.** DIRECTOR TO ADOPT RULES GOVERNING  
14 DISABILITY BOARDS. (1) The director shall adopt rules, in accordance  
15 with chapter 34.05 RCW, under which each disability board shall execute  
16 its disability retirement duties under this chapter. The rules shall  
17 include, but not be limited to, the following:

18 (a) Standards governing the type and manner of presentation of  
19 medical, employability, and other evidence before disability boards;  
20 and

21 (b) Standards governing the necessity and frequency of medical and  
22 employability reexaminations of persons receiving disability benefits.

23 (2) If the director determines that an order or determination of a  
24 disability board was not processed in accordance with the rules  
25 established under this section, the director may remand the order or  
26 determination for further proceedings consistent with the rules.

27 NEW SECTION. **Sec. 220.** RETIREMENT FOR DISABILITY INCURRED IN THE  
28 LINE OF DUTY. Any member, regardless of age or years of service, may  
29 be retired by the disability board, subject to approval by the  
30 director, for any disability incurred in the line of duty which has  
31 been continuous since his or her discontinuance of service and which  
32 renders the member unable to continue service. No disability  
33 retirement allowance shall be paid until the expiration of a period of  
34 six months after the discontinuance of service during which period the  
35 member, if found to be physically or mentally unfit for duty by the  
36 disability board following receipt of his or her application for  
37 disability retirement, shall be granted a disability leave by the

1 disability board and shall receive an allowance equal to the full  
2 monthly salary and shall continue to receive all other benefits  
3 provided to active employees from the employer for such period.  
4 However, if, at any time during the initial six-month period, the  
5 disability board finds the beneficiary is no longer disabled, the  
6 disability leave allowance shall be canceled and the member shall be  
7 restored to duty in the same rank or position, if any, held by the  
8 beneficiary at the time the member became disabled. Applications for  
9 disability retirement shall be processed in accordance with the  
10 following procedures:

11 (1) Any member who believes he or she is or is believed to be  
12 physically or mentally disabled shall be examined by such medical  
13 authority as the disability board shall employ, upon application of the  
14 member, or a person acting in his or her behalf, stating that the  
15 member is disabled, either physically or mentally: PROVIDED, That no  
16 such application shall be considered unless the member or someone in  
17 his or her behalf, in case of the incapacity of a member, shall have  
18 filed the application within a period of one year from and after the  
19 discontinuance of service of the member.

20 (2) If the examination shows, to the satisfaction of the disability  
21 board, that the member is physically or mentally disabled from the  
22 further performance of duty, that such disability was incurred in the  
23 line of duty, and that such disability has been continuous from the  
24 discontinuance of service, the disability board shall enter its written  
25 decision and order, accompanied by appropriate findings of fact and by  
26 conclusions evidencing compliance with this chapter, granting the  
27 member a disability retirement allowance; otherwise, if the member is  
28 not found by the disability board to be so disabled, the application  
29 shall be denied pursuant to a similar written decision and order,  
30 subject to appeal to the director in accordance with section 235 of  
31 this act: PROVIDED, That in any order granting a duty disability  
32 retirement allowance, the disability board shall make a finding that  
33 the disability was incurred in line of duty.

34 (3) Every order of a disability board granting a duty disability  
35 retirement allowance shall immediately be reviewed by the director  
36 except the finding that the disability was incurred in the line of  
37 duty. The director may affirm the decision of the disability board or  
38 remand the case for further proceedings, or the director may reverse

1 the decision of the disability board if the director finds the  
2 disability board's findings, inferences, conclusions, or decisions are:

- 3 (a) In violation of constitutional provisions;
- 4 (b) In excess of the statutory authority or jurisdiction of the  
5 disability board;
- 6 (c) Made upon unlawful procedure;
- 7 (d) Affected by other error of law;
- 8 (e) Clearly erroneous in view of the entire record as submitted and  
9 the public policy contained in this chapter; or
- 10 (f) Arbitrary or capricious.

11 (4) Every member who can establish, to the disability board, that  
12 he or she is physically or mentally disabled from the further  
13 performance of duty, that such disability was incurred in the line of  
14 duty, and that such disability will be in existence for a period of at  
15 least six months may waive the six-month period of disability leave and  
16 be immediately granted a duty disability retirement allowance, subject  
17 to the approval of the director as provided in subsection (3) of this  
18 section.

19 NEW SECTION. **Sec. 221.** RETIREMENT FOR DISABILITY NOT INCURRED IN  
20 THE LINE OF DUTY. Any member, regardless of age or years of service,  
21 may be retired by the disability board, subject to approval by the  
22 director as provided in this section, for any disability not incurred  
23 in the line of duty which has been continuous since discontinuance of  
24 service and which renders the member unable to continue service. No  
25 disability retirement allowance may be paid until the expiration of a  
26 period of six months after the discontinuance of service during which  
27 period the member, if found to be physically or mentally unfit for duty  
28 by the disability board following receipt of the member's application  
29 for disability retirement, shall be granted a disability leave by the  
30 disability board and shall receive an allowance equal to the member's  
31 full monthly salary and shall continue to receive all other benefits  
32 provided to active employees from the member's employer for the period.  
33 However, if, at any time during the initial six-month period, the  
34 disability board finds the beneficiary is no longer disabled, the  
35 disability leave allowance shall be canceled and the member shall be  
36 restored to duty in the same rank or position, if any, held by the  
37 member at the time the member became disabled. Applications for

1 disability retirement shall be processed in accordance with the  
2 following procedures:

3 (1) Any member who believes he or she is, or is believed to be,  
4 physically or mentally disabled shall be examined by such medical  
5 authority as the disability board shall employ, upon application of the  
6 member, or a person acting in the member's behalf, stating that the  
7 member is disabled, either physically or mentally: PROVIDED, That no  
8 such application shall be considered unless the member or someone  
9 acting in the member's behalf, in case of the incapacity of a member,  
10 has filed the application within a period of one year from and after  
11 the discontinuance of service of the member.

12 (2) If the examination shows, to the satisfaction of the disability  
13 board, that the member is physically or mentally disabled from the  
14 further performance of duty, that such disability was not incurred in  
15 the line of duty, and that such disability had been continuous from the  
16 discontinuance of service, the disability board shall enter its written  
17 decision and order, accompanied by appropriate findings of fact and by  
18 conclusions evidencing compliance with this chapter, granting the  
19 member a disability retirement allowance. Otherwise, if the member is  
20 not found by the disability board to be so disabled, the application  
21 shall be denied pursuant to a similar written decision and order,  
22 subject to appeal to the director in accordance with section 235 of  
23 this act: PROVIDED, That in any order granting a nonduty disability  
24 retirement allowance, the disability board shall make a finding that  
25 the disability was not incurred in the line of duty.

26 (3) Every order of a disability board granting a nonduty disability  
27 retirement allowance shall immediately be reviewed by the director  
28 except the finding that the disability was not incurred in the line of  
29 duty. The director may affirm the decision of the disability board or  
30 remand the case for further proceedings, or the director may reverse  
31 the decision of the disability board if the director finds the  
32 disability board's findings, inferences, conclusions, or decisions are:

- 33 (a) In violation of constitutional provisions;
- 34 (b) In excess of the statutory authority or jurisdiction of the  
35 disability board;
- 36 (c) Made upon unlawful procedure;
- 37 (d) Affected by other error of law;
- 38 (e) Clearly erroneous in view of the entire record as submitted and  
39 the public policy contained in this chapter; or

1 (f) Arbitrary or capricious.

2 (4) Every member who can establish to the disability board that the  
3 member is physically or mentally disabled from the further performance  
4 of duty, that such disability was not incurred in the line of duty, and  
5 that such disability will be in existence for a period of at least six  
6 months, may waive the six-month period of disability leave and be  
7 immediately granted a nonduty disability retirement allowance, subject  
8 to the approval of the director as provided in subsection (3) of this  
9 section.

10 NEW SECTION. **Sec. 222.** ALLOWANCE ON RETIREMENT FOR DISABILITY.

11 (1) Upon retirement for disability a member shall be entitled to  
12 receive a monthly retirement allowance computed as follows: (a) A  
13 basic amount of fifty percent of final average salary at time of  
14 disability retirement, and (b) an additional five percent of final  
15 average salary for each child as defined in section 202(7) of this act,  
16 (c) the combined total of (a) and (b) of this subsection shall not  
17 exceed a maximum of sixty percent of final average salary.

18 (2) A disabled member shall begin receiving the disability  
19 retirement allowance as of the expiration of his or her six-month  
20 period of disability leave or, if his or her application was filed  
21 after the sixth month of discontinuance of service but prior to the  
22 one-year time limit, the member's disability retirement allowance shall  
23 be retroactive to the end of the sixth month.

24 (3) Benefits under this section will be payable until the member  
25 recovers from the disability or dies. If at the time that the  
26 disability ceases the member is over the age of fifty, he or she shall  
27 then receive either disability retirement allowance or retirement for  
28 service allowance, whichever is greater.

29 (4) Benefits under this section for a disability that is incurred  
30 while in other employment will be reduced by any amount the member  
31 receives or is entitled to receive from workers' compensation, social  
32 security, group insurance, other pension plan, or any other similar  
33 source provided by another employer on account of the same disability.

34 (5) A member retired for disability shall be subject to periodic  
35 examinations by a physician approved by the disability board prior to  
36 attainment of age fifty, pursuant to rules adopted by the director  
37 under section 219 of this act. Examinations of members who retired for

1 disability prior to July 26, 1981, shall not exceed two medical  
2 examinations per year.

3 NEW SECTION. **Sec. 223.** CESSATION OF DISABILITY--DETERMINATION.

4 (1) A disabled member who believes that his or her disability has  
5 ceased in accordance with section 222(3) of this act may make  
6 application to the disability board which originally found the member  
7 to be disabled, for a determination that the disability has ceased.

8 (2) Every order of a disability board determining that a member's  
9 disability has ceased pursuant to section 222(3) of this act shall  
10 immediately be reviewed by the director. The director may affirm the  
11 decision of the disability board or remand the case for further  
12 proceedings if the director finds the disability board's findings,  
13 inferences, conclusions, or decisions are:

14 (a) In violation of constitutional provisions;

15 (b) In excess of the statutory authority or jurisdiction of the  
16 disability board;

17 (c) Made upon unlawful procedure;

18 (d) Affected by other error of law;

19 (e) Clearly erroneous in view of the entire record as submitted and  
20 the public policy contained in this chapter; or

21 (f) Arbitrary or capricious.

22 (3) Determinations of whether a disability has ceased under section  
23 222(3) of this act and this section shall be made in accordance with  
24 the same procedures and standards governing other cancellations of  
25 disability retirement.

26 NEW SECTION. **Sec. 224.** REEXAMINATIONS OF DISABILITY

27 BENEFICIARIES--REENTRY--APPEAL. (1) Upon the basis of reexaminations  
28 of members on disability retirement as provided in section 222 of this  
29 act, the disability board shall determine whether such disability  
30 beneficiary is still unable to perform his or her duties either  
31 physically or mentally for service in the department where he or she  
32 was employed.

33 (2) If the disability board determines that the beneficiary is not  
34 so incapacitated the retirement allowance shall be canceled and the  
35 member shall be restored to duty in the same civil service rank, if  
36 any, held by the beneficiary at the time of his or her retirement or if  
37 unable to perform the duties of that rank, then, at his or her request,

1 in such other like or lesser rank as may be or become open and  
2 available, the duties of which he or she is then able to perform. In  
3 no event, shall a beneficiary previously drawing a disability allowance  
4 be returned or be restored to duty at a salary or rate of pay less than  
5 the current salary attached to the rank or position held by the  
6 beneficiary at the date of retirement for disability. If the  
7 disability board determines that the beneficiary is able to return to  
8 service he or she shall be entitled to notice and a hearing, both the  
9 notice and the hearing shall comply with the requirements of chapter  
10 34.05 RCW.

11 (3) Should a disability beneficiary reenter service and be eligible  
12 for membership in the retirement system, the retirement allowance shall  
13 be canceled and he or she shall immediately become a member of the  
14 retirement system.

15 (4) Should any disability beneficiary under age fifty refuse to  
16 submit to examination, the retirement allowance shall be discontinued  
17 until withdrawal of such refusal, and should such refusal continue for  
18 one year or more, the retirement allowance shall be canceled.

19 (5) Should the disability retirement allowance of any disability  
20 beneficiary be canceled for any cause other than reentrance into  
21 service or retirement for service, he or she shall be paid the excess,  
22 if any, of the accumulated contributions at the time of retirement over  
23 all payments made on his or her behalf under this chapter.

24 (6) Any person feeling aggrieved by an order of a disability board  
25 determining that a beneficiary's disability has not ceased, pursuant to  
26 section 222(3) of this act has the right to appeal the order or  
27 determination to the director. The director shall have no jurisdiction  
28 to entertain the appeal unless a notice of appeal is filed with the  
29 director within thirty days following the rendition of the order by the  
30 disability board. A copy of the notice of appeal shall be served upon  
31 the director and the applicable disability board and, within ninety  
32 days thereof, the disability board shall certify its decision and order  
33 which shall include findings of fact and conclusions of law, together  
34 with a transcript of all proceedings in connection therewith, to the  
35 director for review. Upon review of the record, the director may  
36 affirm the order of the disability board or may remand the case for  
37 further proceedings if the director finds that the disability board's  
38 findings, inferences, conclusions, or decisions are:

39 (a) In violation of constitutional provisions;

1 (b) In excess of the statutory authority or jurisdiction of the  
2 disability board;

3 (c) Made upon unlawful procedure;

4 (d) Affected by other error of law;

5 (e) Clearly erroneous in view of the entire record as submitted and  
6 the public policy contained in this chapter; or

7 (f) Arbitrary or capricious.

8 NEW SECTION. **Sec. 225.** SICKNESS OR DISABILITY BENEFITS--MEDICAL  
9 SERVICES. (1) Whenever any active member, or any member hereafter  
10 retired, on account of service, sickness, or disability, not caused or  
11 brought on by dissipation or abuse, of which the disability board shall  
12 be judge, is confined in any hospital or in home, and whether or not so  
13 confined, requires medical services, the employer shall pay for the  
14 active or retired member the necessary medical services not payable  
15 from some other source as provided for in subsection (2) of this  
16 section. In the case of active or retired fire fighters the employer  
17 may make the payments provided for in this section from the firemen's  
18 pension fund established pursuant to RCW 41.16.050 where the fund had  
19 been established prior to March 1, 1970. If this pension fund is  
20 depleted, the employer shall have the obligation to pay all benefits  
21 payable under chapters 41.16 and 41.18 RCW.

22 (a) The disability board in all cases may have the active or  
23 retired member suffering from such sickness or disability examined at  
24 any time by a licensed physician or physicians, to be appointed by the  
25 disability board, for the purpose of ascertaining the nature and extent  
26 of the sickness or disability, the physician or physicians to report to  
27 the disability board the result of the examination within three days  
28 thereafter. Any active or retired member who refuses to submit to such  
29 examination or examinations shall forfeit all rights to benefits under  
30 this section for the period of the refusal.

31 (b) The disability board shall designate the medical services  
32 available to any sick or disabled member.

33 (2) The medical services payable under this section will be reduced  
34 by any amount received or eligible to be received by the member under  
35 workers' compensation, social security including the changes  
36 incorporated under Public Law 89-97, insurance provided by another  
37 employer, other pension plan, or any other similar source. Failure to  
38 apply for coverage if otherwise eligible under the provisions of Public



1 Law 89-97 shall not be deemed a refusal of payment of benefits thereby  
2 enabling collection of charges under the provisions of this chapter.

3 (3) Upon making the payments provided for in subsection (1) of this  
4 section, the employer shall be subrogated to all rights of the member  
5 against any third party who may be held liable for the member's  
6 injuries or for payment of the cost of medical services in connection  
7 with a member's sickness or disability to the extent necessary to  
8 recover the amount of payments made by the employer.

9 (4) Any employer under this chapter, either singly, or jointly with  
10 any other such employer or employers through an association thereof as  
11 provided for in chapter 48.21 RCW, may provide for all or part of one  
12 or more plans of group hospitalization and medical aid insurance to  
13 cover any of its employees who are members of the restated law  
14 enforcement officers' and fire fighters' retirement system, and/or  
15 retired former employees who were, before retirement, members of the  
16 retirement system, through contracts with regularly constituted  
17 insurance carriers, with health maintenance organizations as defined in  
18 chapter 48.46 RCW, or with health care service contractors as defined  
19 in chapter 48.44 RCW. Benefits payable under the plan or plans shall  
20 be deemed to be amounts received or eligible to be received by the  
21 active or retired member under subsection (2) of this section.

22 (5) Any employer, jointly with any other employer or employers of  
23 the state, may participate in the medical benefits risk pool  
24 established under chapter 41.--- RCW (sections 301 through 310 of this  
25 act).

26 (6) Any employer under this chapter may, at its discretion, elect  
27 to reimburse a retired former employee under this chapter for premiums  
28 the retired former employee has paid for medical insurance that  
29 supplements medicare, including premiums the retired former employee  
30 has paid for medicare part B coverage.

31 NEW SECTION. **Sec. 226.** DEATH BENEFITS--DUTY CONNECTED. (1) In  
32 the event of the duty connected death of any member who is in active  
33 service, or who has vested under section 216 of this act with twenty or  
34 more service credit years of service, or who is on duty connected  
35 disability leave or retired for duty connected disability, the  
36 surviving spouse shall become entitled to receive a monthly allowance  
37 equal to fifty percent of the final average salary at the date of death  
38 if active, or the amount of retirement allowance the vested member

1 would have received at age fifty, or the amount of the retirement  
2 allowance such retired member was receiving at the time of death if  
3 retired for duty connected disability. The amount of this allowance  
4 will be increased five percent of final average salary for each child  
5 as defined in section 202(7) of this act, subject to a maximum combined  
6 allowance of sixty percent of final average salary: PROVIDED, That if  
7 the child or children is or are in the care of a legal guardian,  
8 payment of the increase attributable to each child will be made to the  
9 child's legal guardian or, in the absence of a legal guardian and if  
10 the member has created a trust for the benefit of the child or  
11 children, payment of the increase attributable to each child will be  
12 made to the trust.

13 (2) If at the time of the duty connected death of a vested member  
14 with twenty or more service credit years of service as provided in  
15 subsection (1) of this section or a member retired for duty connected  
16 disability, the surviving spouse has not been lawfully married to such  
17 member for one year prior to retirement or separation from service if  
18 a vested member, the surviving spouse shall not be eligible to receive  
19 the benefits under this section: PROVIDED, That if a member dies as a  
20 result of a disability incurred in the line of duty, then if he or she  
21 was married at the time he or she was disabled, the surviving spouse  
22 shall be eligible to receive the benefits under this section.

23 (3) If there be no surviving spouse eligible to receive benefits at  
24 the time of such member's duty connected death, then the child or  
25 children of such member shall receive a monthly allowance equal to  
26 thirty percent of final average salary for one child and an additional  
27 ten percent for each additional child subject to a maximum combined  
28 payment, under this subsection, of sixty percent of final average  
29 salary. When there cease to be any eligible children as defined in  
30 section 202(7) of this act, there shall be paid to the legal heirs of  
31 the member the excess, if any, of accumulated contributions of the  
32 member at the time of death over all payments made to survivors on his  
33 or her behalf under this chapter: PROVIDED, That payments under this  
34 subsection to children shall be prorated equally among the children, if  
35 more than one. If the member has created a trust for the benefit of  
36 the child or children, the payment shall be made to the trust.

37 (4) In the event that there is no surviving spouse eligible to  
38 receive benefits under this section, and that there be no child or

1 children eligible to receive benefits under this section, then the  
2 accumulated contributions shall be paid to the estate of the member.

3 (5) If a surviving spouse receiving benefits under the provisions  
4 of this section thereafter dies and there are children as defined in  
5 section 202(7) of this act, payment to the spouse shall cease and the  
6 child or children shall receive the benefits as provided in subsection  
7 (3) of this section.

8 (6) The payment provided by this section shall become due the day  
9 following the date of death and payments shall be retroactive to that  
10 date.

11 NEW SECTION. **Sec. 227.** DEATH BENEFITS--NONDUTY CONNECTED. (1) In  
12 the event of the nonduty connected death of any member who is in active  
13 service, or who has vested under section 216 of this act with twenty or  
14 more service credit years of service, or who is on disability leave or  
15 retired, whether for nonduty connected disability or service, the  
16 surviving spouse shall become entitled to receive a monthly allowance  
17 equal to fifty percent of the final average salary at the date of death  
18 if active, or the amount of retirement allowance the vested member  
19 would have received at age fifty, or the amount of the retirement  
20 allowance such retired member was receiving at the time of death if  
21 retired for service or nonduty connected disability. The amount of  
22 this allowance will be increased five percent of final average salary  
23 for each child as defined in section 202(7) of this act, subject to a  
24 maximum combined allowance of sixty percent of final average salary:  
25 PROVIDED, That if the child or children is or are in the care of a  
26 legal guardian, payment of the increase attributable to each child will  
27 be made to the child's legal guardian or, in the absence of a legal  
28 guardian and if the member has created a trust for the benefit of the  
29 child or children, payment of the increase attributable to each child  
30 will be made to the trust.

31 (2) If at the time of the death of a vested member with twenty or  
32 more service credit years of service as provided in subsection (1) of  
33 this section or a member retired for service or disability, the  
34 surviving spouse has not been lawfully married to such member for one  
35 year prior to retirement or separation from service if a vested member,  
36 the surviving spouse shall not be eligible to receive the benefits  
37 under this section.

1 (3) If there be no surviving spouse eligible to receive benefits at  
2 the time of such member's death, then the child or children of such  
3 member shall receive a monthly allowance equal to thirty percent of  
4 final average salary for one child and an additional ten percent for  
5 each additional child subject to a maximum combined payment, under this  
6 subsection, of sixty percent of final average salary. When there cease  
7 to be any eligible children as defined in section 202(7) of this act,  
8 there shall be paid to the legal heirs of the member the excess, if  
9 any, of accumulated contributions of the member at the time of death  
10 over all payments made to survivors on his or her behalf under this  
11 chapter: PROVIDED, That payments under this subsection to children  
12 shall be prorated equally among the children, if more than one. If the  
13 member has created a trust for the benefit of the child or children,  
14 the payment shall be made to the trust.

15 (4) In the event that there is no surviving spouse eligible to  
16 receive benefits under this section, and that there be no child or  
17 children eligible to receive benefits under this section, then the  
18 accumulated contributions shall be paid to the estate of the member.

19 (5) If a surviving spouse receiving benefits under the provisions  
20 of this section thereafter dies and there are children as defined in  
21 section 202(7) of this act, payment to the spouse shall cease and the  
22 child or children shall receive the benefits as provided in subsection  
23 (3) of this section.

24 (6) The payment provided by this section shall become due the day  
25 following the date of death and payments shall be retroactive to that  
26 date.

27 NEW SECTION. Sec. 228. EX SPOUSE QUALIFYING AS SURVIVING SPOUSE--  
28 WHEN. (1) An ex spouse of a retiree shall qualify as surviving spouse  
29 under section 226 of this act if the ex spouse:

30 (a) Has been provided benefits under any currently effective court  
31 decree of dissolution or legal separation or in any court order or  
32 court-approved property settlement agreement incident to any court  
33 decree of dissolution or legal separation entered after the member's  
34 retirement and prior to December 31, 1979; and

35 (b) Was married to the retiree for at least thirty years, including  
36 at least twenty years prior to the member's retirement or separation  
37 from service if a vested member.

1 (2) If two or more persons are eligible for a surviving spouse  
2 benefit under this subsection, benefits shall be divided between the  
3 surviving spouses based on the percentage of total service credit the  
4 member accrued during each marriage.

5 (3) This section shall apply retroactively.

6 NEW SECTION. Sec. 229. REFUND OF CONTRIBUTIONS ON DISCONTINUANCE  
7 OF SERVICE--REENTRY. (1) Should service of a member be discontinued  
8 except by death, disability, or retirement, the member shall, upon  
9 application therefor, be paid the accumulated contributions within  
10 sixty days after the day of application and the rights to all benefits  
11 as a member shall cease: PROVIDED, That any member with at least five  
12 years' service may elect the provisions of section 216(2) of this act.

13 (2) Any member whose contributions have been paid in accordance  
14 with subsection (1) of this section and who reenters the service of an  
15 employer shall upon the restoration of withdrawn contributions, which  
16 restoration must be completed within a total period of five years of  
17 service following resumption of employment, then receive credit toward  
18 retirement for the period of previous service which these contributions  
19 are to cover.

20 (3) If the member fails to meet the time limitations of subsection  
21 (2) of this section, the member may make the payment required under RCW  
22 41.50.165(2) prior to retirement. The member shall then receive credit  
23 toward retirement for the period of previous service that the withdrawn  
24 contributions cover.

25 NEW SECTION. Sec. 230. CREDIT FOR MILITARY SERVICE. Each person  
26 affected by this chapter who at the time of entering the armed services  
27 was a member of this system or plan 1 under chapter 41.26 RCW, and has  
28 honorably served in the armed services of the United States, shall have  
29 added to the period of service as computed under this chapter, the  
30 period of service in the armed forces: PROVIDED, That such credited  
31 service shall not exceed five years.

32 NEW SECTION. Sec. 231. CREDIT FOR SERVICE UNDER PRIOR PENSION  
33 SYSTEM--RESTORATION OF WITHDRAWN CONTRIBUTIONS. If a member of this  
34 retirement system served as a law enforcement officer or fire fighter  
35 under a prior pension system and that service is not creditable to this  
36 retirement system because the member withdrew his or her contributions

1 plus accrued interest from the prior pension system, the member's prior  
2 service as a law enforcement officer shall be credited to this  
3 retirement system if the member pays to the retirement system the  
4 amount under RCW 41.50.165(2) prior to retirement.

5 NEW SECTION. **Sec. 232.** CREDIT FOR SERVICE UNDER PRIOR PENSION  
6 SYSTEM--SERVICE NOT COVERED UNDER PRIOR SYSTEM. If a member's prior  
7 service as a law enforcement officer or fire fighter under a prior  
8 pension system is not creditable because, although employed in a  
9 position covered by a prior pension act, the member had not yet become  
10 a member of the pension system governed by the act, the member's prior  
11 service as a law enforcement officer or fire fighter shall be  
12 creditable if the member pays to the plan the amount set forth under  
13 RCW 41.50.165(2) prior to retirement.

14 NEW SECTION. **Sec. 233.** TRANSFER OF SERVICE CREDIT FROM OTHER  
15 RETIREMENT SYSTEM--IRREVOCABLE ELECTION ALLOWED. Any member of the  
16 teachers' retirement system plans 1, 2, or 3, the public employees'  
17 retirement system plans 1 or 2, or the Washington state patrol  
18 retirement system who has previously established service credit in the  
19 restated law enforcement officers' and fire fighters' retirement system  
20 may make an irrevocable election to have such service transferred to  
21 their current retirement system and plan subject to the following  
22 conditions:

23 (1) If the individual is employed by an employer in an eligible  
24 position, as of July 1, 1997, the election to transfer service must be  
25 filed in writing with the department no later than July 1, 1998. If  
26 the individual is not employed by an employer in an eligible position,  
27 as of July 1, 1997, the election to transfer service must be filed in  
28 writing with the department no later than one year from the date they  
29 are employed by an employer in an eligible position.

30 (2) An individual transferring service under this section forfeits  
31 the rights to all benefits as a member of the restated law enforcement  
32 officers' and fire fighters' retirement system and will be permanently  
33 excluded from membership.

34 (3) Any individual choosing to transfer service under this section  
35 will have transferred to their current retirement system and plan: (a)  
36 All the individual's accumulated contributions; (b) an amount  
37 sufficient to ensure that the employer contribution rate in the

1 individual's current system and plan will not increase due to the  
2 transfer; and (c) all applicable months of service, as defined in  
3 section 202(14) of this act.

4 (4) If an individual has withdrawn contributions from the law  
5 enforcement officers' and fire fighters' retirement system plan 1 or  
6 the plan established by this chapter, the individual may restore the  
7 contributions, together with interest as determined by the director,  
8 and recover the service represented by the contributions for the sole  
9 purpose of transferring service under this section. The contributions  
10 must be restored before the transfer can occur and the restoration must  
11 be completed within the time limitations specified in subsection (1) of  
12 this section.

13 (5) Any service transferred under this section does not apply to  
14 the eligibility requirements for military service credit as defined in  
15 RCW 41.40.170(3) or 43.43.260(3).

16 (6) If an individual does not meet the time limitations of  
17 subsection (1) of this section, the individual may elect to restore any  
18 withdrawn contributions and transfer service under this section by  
19 paying the amount required under subsection (3)(b) of this section less  
20 any employee contributions transferred.

21 NEW SECTION. Sec. 234. SERVICE CREDIT FOR PAID LEAVE OF ABSENCE--  
22 APPLICATION TO ELECTED OFFICIALS OF LABOR ORGANIZATIONS. (1) A member  
23 who is on a paid leave of absence authorized by a member's employer  
24 shall continue to receive service credit as provided under this  
25 chapter.

26 (2) A member who receives compensation from an employer while on an  
27 authorized leave of absence to serve as an elected official of a labor  
28 organization, and whose employer is reimbursed by the labor  
29 organization for the compensation paid to the member during the period  
30 of absence, may also be considered to be on a paid leave of absence.  
31 This subsection shall only apply if the member's leave of absence is  
32 authorized by a collective bargaining agreement that provides that the  
33 member retains seniority rights with the employer during the period of  
34 leave. The basic salary reported for a member who establishes service  
35 credit under this subsection may not be greater than the salary paid to  
36 the highest paid job class covered by the collective bargaining  
37 agreement.

1        NEW SECTION.    **Sec. 235.**    APPEAL TO DIRECTOR.    Any person feeling  
2 aggrieved by any order or determination of a disability board denying  
3 disability leave or disability retirement, or canceling a previously  
4 granted disability retirement allowance, shall have the right to appeal  
5 the order or determination to the director.    The director shall have no  
6 jurisdiction to entertain the appeal unless a notice of appeal is filed  
7 with the director within thirty days following the rendition of the  
8 order by the applicable disability board.    A copy of the notice of  
9 appeal shall be served upon the director and the applicable disability  
10 board and, within ninety days thereof, the disability board shall  
11 certify its decision and order which shall include findings of fact and  
12 conclusions of law, together with a transcript of all proceedings in  
13 connection therewith, to the director for review.    Upon review of the  
14 record, the director may affirm the order of the disability board or  
15 may remand the case for such further proceedings as he or she may  
16 direct, in accordance with such rules of procedure as the director  
17 shall adopt.

18        NEW SECTION.    **Sec. 236.**    NOTICE FOR HEARING REQUIRED PRIOR TO  
19 PETITIONING FOR JUDICIAL REVIEW.    Any person aggrieved by any final  
20 decision of the director must, before petitioning for judicial review,  
21 file with the director by mail or personally within sixty days from the  
22 day the decision was communicated to the person, a notice for a  
23 hearing.    The notice of hearing shall set forth in full detail the  
24 grounds upon which such person considers such decision unjust or  
25 unlawful and shall include every issue to be considered, and it must  
26 contain a detailed statement of facts upon which such person relies in  
27 support thereof.    Such persons shall be deemed to have waived all  
28 objections or irregularities concerning the matter on which such appeal  
29 is taken other than those specifically set forth in the notice of  
30 hearing or appearing in the records of the retirement system.

31        NEW SECTION.    **Sec. 237.**    HEARING--CONDUCT.    A hearing shall be held  
32 by the director, or the director's duly authorized representative, in  
33 the county of the residence of the claimant at a time and place  
34 designated by the director.    Such hearing shall be de novo and shall  
35 conform to the provisions of chapter 34.05 RCW.    The disability board  
36 and the department shall be entitled to appear in all such proceedings  
37 and introduce testimony in support of the decision.    Judicial review of



1 any final decision by the director shall be governed by the provisions  
2 of chapter 34.05 RCW.

3 NEW SECTION. **Sec. 238.** INCREASES OR DECREASES IN RETIREMENT  
4 ALLOWANCES TO BE DETERMINED BY DEPARTMENT IN ACCORDANCE WITH CONSUMER  
5 PRICE INDEX. For purposes of this section:

6 (1) "Index" means, for any calendar year, that year's average  
7 consumer price index for the Seattle, Washington area for urban wage  
8 earners and clerical workers, all items (1957-1959=100), compiled by  
9 the bureau of labor statistics of the United States department of  
10 labor;

11 (2) "Retirement allowance" means the retirement allowance provided  
12 for in sections 217 and 222 of this act, and the monthly allowance  
13 provided for in section 226 of this act.

14 On April 1st of each year, every retirement allowance which has  
15 been in effect for more than one year shall be adjusted to that dollar  
16 amount which exceeds its original dollar amount by the percentage  
17 difference which the department finds to exist between the index for  
18 the previous calendar year and the index for the calendar year prior to  
19 the effective retirement date of the person to whom, or on behalf of  
20 whom, such retirement allowance is being paid.

21 For the purposes of this section, "basic allowance" means that  
22 portion of a total retirement allowance, and any cost-of-living  
23 adjustment thereon, attributable to a member (individually) and shall  
24 not include the increased amounts attributable to the existence of a  
25 child or children. In those cases where a child ceases to be qualified  
26 as an eligible child, so as to lessen the total allowance, the  
27 allowance shall, at that time, be reduced to the basic allowance plus  
28 the amount attributable for the appropriate number of eligible  
29 children. In those cases where a child qualifies as an eligible child  
30 subsequent to the retirement of a member so as to increase the total  
31 allowance payable, such increased allowance shall at the time of the  
32 next and appropriate subsequent cost-of-living adjustments, be  
33 considered the original dollar amount of the allowance.

34 NEW SECTION. **Sec. 239.** INCREASE IN PRESENTLY PAYABLE BENEFITS FOR  
35 SERVICE OR DISABILITY AUTHORIZED. All benefits presently payable  
36 pursuant to the provisions of RCW 41.20.050, 41.20.060, and 41.20.080  
37 as such RCW sections existed prior to the effective date of the

1 amendment of such RCW sections by sections 1, 2, 3, chapter 191, Laws  
2 of 1961 to persons who retired prior to the effective date of the 1961  
3 amendatory act, shall be increased annually as provided in this  
4 section. The local pension board shall meet subsequent to March 31st  
5 but prior to June 30th of each year for the purpose of adjusting  
6 benefit allowances payable pursuant to RCW 41.20.050, 41.20.060, and  
7 41.20.080. The local board shall determine the increase in the  
8 consumer price index between January 1st and December 31st of the  
9 previous year and increase in dollar amount the benefits payable  
10 subsequent to July 1st of the year in which the board makes such  
11 determination by a dollar amount proportionate to the increase in the  
12 consumer price index: PROVIDED, That regardless of the change in the  
13 consumer price index, such increase shall be at least two percent each  
14 year such adjustment is made.

15 Each year effective with the July payment all benefits specified in  
16 this section, shall be increased as authorized by this section. This  
17 benefit increase shall be paid monthly as part of the regular pension  
18 payment and shall be cumulative.

19 For the purpose of this section, "consumer price index" means, for  
20 any calendar year, the consumer price index for the Seattle, Washington  
21 area as compiled by the bureau of labor statistics of the United States  
22 department of labor.

23 NEW SECTION. **Sec. 240.** INCREASE IN CERTAIN PRESENTLY PAYABLE  
24 DEATH BENEFITS AUTHORIZED. All benefits presently payable pursuant to  
25 the provisions of RCW 41.20.085 which are not related to the amount of  
26 current salary attached to the position held by the deceased member  
27 shall be increased annually in the same manner and to the same extent  
28 as provided for pursuant to section 239 of this act.

29 NEW SECTION. **Sec. 241.** DECLARATION OF POLICY RESPECTING BENEFITS  
30 FOR INJURY OR DEATH--CIVIL ACTIONS ABOLISHED. The legislature of the  
31 state of Washington hereby declares that the relationship between  
32 members of the restated law enforcement officers' and fire fighters'  
33 retirement system and their governmental employers is similar to that  
34 of workers to their employers and that the sure and certain relief  
35 granted by this chapter is desirable, and as beneficial to such law  
36 enforcement officers and fire fighters as workers' compensation  
37 coverage is to persons covered by Title 51 RCW. The legislature

1 further declares that removal of law enforcement officers and fire  
2 fighters from workers' compensation coverage under Title 51 RCW  
3 necessitates the (1) continuance of sure and certain relief for  
4 personal injuries incurred in the course of employment or occupational  
5 disease, which the legislature finds to be accomplished by the  
6 provisions of this chapter and (2) protection for the governmental  
7 employer from actions at law; and to this end the legislature further  
8 declares that the benefits and remedies conferred by this chapter upon  
9 law enforcement officers and fire fighters covered under this chapter  
10 shall be to the exclusion of any other remedy, proceeding, or  
11 compensation for personal injuries or sickness, caused by the  
12 governmental employer except as otherwise provided by this chapter; and  
13 to that end all civil actions and civil causes of actions by such law  
14 enforcement officers and fire fighters against their governmental  
15 employers for personal injuries or sickness are hereby abolished,  
16 except as otherwise provided in this chapter.

17 NEW SECTION. **Sec. 242.** CAUSE OF ACTION FOR INJURY OR DEATH, WHEN.  
18 If injury or death results to a member from the intentional or  
19 negligent act or omission of a member's governmental employer, the  
20 member, the widow, widower, child, or dependent of the member shall  
21 have the privilege to benefit under this chapter and also have cause of  
22 action against the governmental employer as otherwise provided by law,  
23 for any excess of damages over the amount received or receivable under  
24 this chapter.

25 NEW SECTION. **Sec. 243.** Sections 1 through 8 and 201 through 242  
26 of this act constitute a new chapter in Title 41 RCW, to be designated  
27 chapter 41.26A RCW.

28 **PART III**

29 **LEOFF MEDICAL BENEFITS RISK POOL**

30 NEW SECTION. **Sec. 301.** The purpose of this chapter is to  
31 establish a risk assumption program whereby employers of active and  
32 retired members of the restated law enforcement officers' and fire  
33 fighters' retirement system under chapter 41.26A RCW voluntarily enter  
34 into membership in a risk pool for the purpose of sharing the  
35 noninsured medical costs of long-term care and major medical services

1 for retired members of the retirement system. Such long-term care and  
2 major medical services are those required under chapter 41.26A RCW and  
3 approved by city and county disability boards.

4 NEW SECTION. **Sec. 302.** The definitions in this section apply to  
5 this chapter unless the context clearly requires otherwise.

6 (1) "Actuary" means the state actuary, office of the state actuary.

7 (2) "Beneficiary" means any person in receipt of a retirement  
8 allowance or disability allowance who is eligible for medical services  
9 under the restated law enforcement officers' and fire fighters'  
10 retirement system under chapter 41.26A RCW.

11 (3) "Employer" means the legislative authority of any city, town,  
12 county, or district or the elected officials of any municipal  
13 corporation that employs any member of the restated law enforcement  
14 officers' and fire fighters' retirement system, or any authorized  
15 association of such municipalities.

16 (4) "Executive board" means the law enforcement officers' and fire  
17 fighters' risk pool executive board.

18 (5) "Long-term care" means those medically necessary services  
19 required under section 202(22) of this act, authorized under section  
20 225 of this act, and received in a facility for skilled nursing care,  
21 intermediate care, custodial care, hospice care, day care, in-home  
22 nursing care, or other in-home care or services. For purposes of  
23 expenditures from the medical account, long-term care only includes  
24 qualified long-term care services as defined in internal revenue code  
25 section 7702B(2), and qualified long-term care insurance contract as  
26 defined in internal revenue code section 7702B(b).

27 (6) "Medical costs" means those costs incurred in the provision of  
28 the medically necessary medical services required under section 202(22)  
29 of this act and authorized under section 225 of this act. For purposes  
30 of expenditures from the medical account, medical costs only include  
31 cost of medical care as defined in internal revenue code section  
32 213(d).

33 (7) "Risk assumption" means a decision to absorb the entity's  
34 financial exposure to a risk of loss without the creation of a formal  
35 program of advance funding of anticipated losses.

36 (8) "Risk pool" means the long-term care and medical costs risk  
37 pool created for the law enforcement officers' and fire fighters'  
38 medical benefits risk pool.

1 (9) "State risk manager" means the risk manager, risk management  
2 division, department of general administration.

3 NEW SECTION. **Sec. 303.** (1) There is hereby established the law  
4 enforcement officers' and fire fighters' medical benefits risk pool.

5 (2) The risk pool is a risk assumption insurance program for the  
6 sole purpose of employers sharing the noninsured medical costs of long-  
7 term care and medical costs for beneficiaries.

8 (3) An employer's participation and withdrawal from the risk pool  
9 is subject to rules established by the executive board.

10 NEW SECTION. **Sec. 304.** (1) The law enforcement officers' and fire  
11 fighters' risk pool executive board is hereby established.

12 (2)(a) The membership of the executive board shall consist of seven  
13 persons as follows:

14 (i) The chair is appointed by the governor for a four-year term of  
15 office. The chair shall be familiar with risk pool operation, medical,  
16 and long-term care matters but shall not have been employed as a law  
17 enforcement officer or fire fighter or served on a law enforcement  
18 officers' and fire fighters' disability board; and

19 (ii) Six others selected by the governor from lists of recommended  
20 persons made by their respective organizations as follows:

21 (A) Two persons representing counties, one of which is an elected  
22 official;

23 (B) Two persons representing cities and towns, one of which is an  
24 elected official; and

25 (C) Two persons representing fire protection districts, one of  
26 which is an elected commissioner.

27 (b) If a member vacates his or her position, the governor shall  
28 select a person from a list recommended by his or her respective  
29 organization to replace the vacating member for the remainder of the  
30 term of office for the vacated position.

31 (3) One position of the county, city, or town, and fire protection  
32 district groups and the law enforcement officer position have an  
33 initial term of two years and four years thereafter. The remaining  
34 positions have terms of four years.

35 (4) A vice-chair shall be elected at the first meeting of the  
36 executive board and every two years thereafter. Upon the absence of  
37 the chair, the vice-chair shall act in his or her place.

1 (5) The executive board shall meet at least quarterly and shall  
2 maintain minutes of each meeting and any records as may be necessary,  
3 which are public records.

4 (6) The chair and three other members constitute a quorum.

5 (7) The members of the executive board shall not receive  
6 compensation for their service upon the executive board but shall be  
7 reimbursed for all expenses incidental to such service as to the amount  
8 authorized by either RCW 42.24.090 or 43.03.050 and 43.03.060,  
9 whichever is applicable.

10 NEW SECTION. **Sec. 305.** The duties of the executive board are as  
11 follows:

12 (1) Establish the basis of membership in the risk pool;

13 (2) Define and establish the benefits to be reimbursed by the risk  
14 pool;

15 (3) Authorize distribution of moneys from the risk pool account  
16 consistent with the provisions of rules and regulations established by  
17 the internal revenue service;

18 (4) Determine, with the assistance of the actuary, employer  
19 premiums to the risk pool;

20 (5) Authorize reimbursement for medical and long-term care costs,  
21 required under section 202(22) of this act and authorized under section  
22 225 of this act that are not covered by standard medical insurance  
23 policies. The board shall adopt rules governing these reimbursements  
24 consistent with the provisions of the internal revenue code and rules  
25 and regulations established by the internal revenue service;

26 (6) Purchase reinsurance as necessary;

27 (7) Appoint other staff as necessary for the operation of the risk  
28 pool; fix their compensation within the limits provided by law; and  
29 prescribe their duties; and

30 (8) Enter into contracts necessary for the operation of the risk  
31 pool, including risk management, claims, and administrative services.

32 NEW SECTION. **Sec. 306.** Funding for the risk pool account,  
33 established in section 310 of this act, may come from three sources:

34 (1) Employer premiums; (2) surplus assets which are transferred from  
35 the Washington law enforcement officers' and fire fighters' system plan  
36 1 retirement fund under section 8 of this act; and (3) investment  
37 earnings.

1        NEW SECTION.    **Sec. 307.**    The state risk manager shall adopt rules  
2 governing the implementation, management, and operation of the risk  
3 pool in consultation with the health and welfare advisory board under  
4 RCW 48.62.051. All rules shall be appropriate for the type of program  
5 and class of risk covered. The state risk manager's rules shall  
6 include:

7        (1) Standards for the implementation, management, operation, and  
8 solvency of the risk pool, including the necessity and frequency of  
9 actuarial analyses and claims audits;

10        (2) Standards for claims management procedures;

11        (3) Standards for contracts between the risk pool and private  
12 businesses including standards for contracts between third-party  
13 administrators and the risk pool; and

14        (4) Standards for an annual report with the state risk manager and  
15 state auditor including, but not limited to:

16        (a) Copies of all the insurance coverage documents;

17        (b) A description of the program structure;

18        (c) An actuarial analysis, if required;

19        (d) A list of contractors and service providers;

20        (e) The financial and loss experience of the program; and

21        (f) Such other information as required by rule of the state risk  
22 manager.

23        NEW SECTION.    **Sec. 308.**    The risk pool may not engage in an act or  
24 practice that in any respect significantly differs from the management  
25 and operation plan that formed the basis for the state risk manager's  
26 approval unless the risk pool first notifies the state risk manager in  
27 writing and obtains the state risk manager's approval. The state risk  
28 manager shall approve or disapprove the proposed change within sixty  
29 days of receipt of the notice. If the state risk manager denies a  
30 requested change, the risk manager shall specify in detail the reasons  
31 for denial and the manner in which the risk pool would fail to meet the  
32 requirements of this chapter or any rules adopted in accordance with  
33 this chapter.

34        NEW SECTION.    **Sec. 309.**    (1) The state risk manager shall establish  
35 and charge an investigation fee in an amount necessary to cover the  
36 costs for the initial review and approval of the risk pool. The fee

1 must accompany the initial submission of the plan of operation and  
2 management.

3 (2) The costs of subsequent reviews and investigations shall be  
4 charged to the risk pool being reviewed or investigated in accordance  
5 with the actual time and expenses incurred in the review or  
6 investigation.

7 (3) The risk pool shall pay any required fee or assessment required  
8 by the health and welfare advisory board under RCW 48.62.051.

9 NEW SECTION. **Sec. 310.** (1) The law enforcement officers' and fire  
10 fighters' medical benefits risk pool account is hereby established in  
11 the custody of the state treasurer. The account shall be invested by  
12 the Washington state investment board pursuant to section 7 of this  
13 act.

14 (2) The account shall consist of such money as is directed by law  
15 for deposit in the account, and such other money not subject to  
16 appropriation that the law enforcement officers' and fire fighters'  
17 risk pool executive board authorizes to be deposited in the account.  
18 Any money deposited in the account, the use of which has been  
19 restricted by law, may only be expended in accordance with those  
20 restrictions.

21 (3) Only the executive board or the board's designee may make  
22 disbursements from the account.

23 NEW SECTION. **Sec. 311.** Sections 301 through 310 of this act  
24 constitute a new chapter in Title 41 RCW.

25 **Sec. 312.** RCW 44.44.040 and 1987 c 25 s 3 are each amended to read  
26 as follows:

27 The office of the state actuary shall have the following powers and  
28 duties:

29 (1) Perform all actuarial services for the department of retirement  
30 systems, including all studies required by law, the state board for  
31 volunteer fire fighters and reserve officers, and the law enforcement  
32 officers' and fire fighters' risk pool executive board. Reimbursement  
33 for such services shall be made to the state actuary pursuant to the  
34 provisions of RCW 39.34.130 as now or hereafter amended.



1 (2) Advise the legislature and the governor regarding pension  
2 benefit provisions, and funding policies and investment policies of the  
3 state investment board.

4 (3) Consult with the legislature and the governor concerning  
5 determination of actuarial assumptions used by the department of  
6 retirement systems.

7 (4) Prepare a report, to be known as the actuarial fiscal note, on  
8 each pension bill introduced in the legislature which briefly explains  
9 the financial impact of the bill. The actuarial fiscal note shall  
10 include: (a) The statutorily required contribution for the biennium  
11 and the following twenty-five years; (b) the biennial cost of the  
12 increased benefits if these exceed the required contribution; and (c)  
13 any change in the present value of the unfunded accrued benefits. An  
14 actuarial fiscal note shall also be prepared for all amendments which  
15 are offered in committee or on the floor of the house of  
16 representatives or the senate to any pension bill. However, a majority  
17 of the members present may suspend the requirement for an actuarial  
18 fiscal note for amendments offered on the floor of the house of  
19 representatives or the senate.

20 (5) Provide such actuarial services to the legislature as may be  
21 requested from time to time.

22 (6) Provide staff and assistance to the committee established under  
23 (~~RCW 46.44.050~~) RCW 44.44.050.

24 (7) Provide assistance as required under section 305 of this act.

25 **Sec. 313.** RCW 48.62.031 and 1991 sp.s. c 30 s 3 are each amended  
26 to read as follows:

27 (1) The governing body of a local government entity may  
28 individually self-insure, may join or form a self-insurance program  
29 together with other entities, and may jointly purchase insurance or  
30 reinsurance with other entities for property and liability risks, and  
31 health and welfare benefits only as permitted under this chapter. In  
32 addition, the entity or entities may contract for or hire personnel to  
33 provide risk management, claims, and administrative services in  
34 accordance with this chapter.

35 (2) The governing body of a local government entity individually  
36 may join or form a risk assumption program together with other  
37 entities, and may jointly purchase insurance or reinsurance with other  
38 entities for health and welfare benefits. In addition, the entity or

1 entities may contract for or hire personnel to provide risk management,  
2 claims, and administrative services in accordance with this chapter.

3 (3) The agreement to form a joint self-insurance or risk assumption  
4 program shall be made under chapter 39.34 RCW.

5 ~~((+3+))~~ (4) Every individual and joint self-insurance program and  
6 a health and welfare risk assumption program is subject to audit by the  
7 state auditor.

8 ~~((+4+))~~ (5) If provided for in the agreement or contract  
9 established under chapter 39.34 RCW, a joint self-insurance or risk  
10 assumption program may, in conformance with this chapter:

11 (a) Contract or otherwise provide for risk management and loss  
12 control services;

13 (b) Contract or otherwise provide legal counsel for the defense of  
14 claims and other legal services;

15 (c) Consult with the state insurance commissioner and the state  
16 risk manager;

17 (d) Jointly purchase insurance and reinsurance coverage in such  
18 form and amount as the program's participants agree by contract; and

19 (e) Possess any other powers and perform all other functions  
20 reasonably necessary to carry out the purposes of this chapter.

21 ~~((+5+))~~ (6) A local government entity or a health and welfare risk  
22 assumption program that has decided to assume a risk of loss must have  
23 available for inspection by the state auditor a written report  
24 indicating the class of risk or risks the governing body of the entity  
25 has decided to assume.

26 ~~((+6+))~~ (7) Every joint self-insurance or risk assumption program  
27 governed by this chapter shall appoint the risk manager as its attorney  
28 to receive service of, and upon whom shall be served, all legal process  
29 issued against it in this state upon causes of action arising in this  
30 state.

31 (a) Service upon the risk manager as attorney shall constitute  
32 service upon the program. Service upon joint insurance programs  
33 subject to chapter 30, Laws of 1991 1st sp. sess. can be had only by  
34 service upon the risk manager. At the time of service, the plaintiff  
35 shall pay to the risk manager a fee to be set by the risk manager,  
36 taxable as costs in the action.

37 (b) With the initial filing for approval with the risk manager,  
38 each joint self-insurance program shall designate by name and address  
39 the person to whom the risk manager shall forward legal process so

1 served upon him or her. The joint self-insurance program may change  
2 such person by filing a new designation.

3 (c) The appointment of the risk manager as attorney shall be  
4 irrevocable, shall bind any successor in interest or to the assets or  
5 liabilities of the joint self-insurance program, and shall remain in  
6 effect as long as there is in force in this state any contract made by  
7 the joint self-insurance program or liabilities or duties arising  
8 therefrom.

9 (d) The risk manager shall keep a record of the day and hour of  
10 service upon him or her of all legal process. A copy of the process,  
11 by registered mail with return receipt requested, shall be sent by the  
12 risk manager, to the person designated for the purpose by the joint  
13 self-insurance or risk assumption program in its most recent such  
14 designation filed with the risk manager. No proceedings shall be had  
15 against the joint self-insurance or risk assumption program, and the  
16 program shall not be required to appear, plead, or answer, until the  
17 expiration of forty days after the date of service upon the risk  
18 manager.

19 **Sec. 314.** RCW 48.62.051 and 1991 sp.s. c 30 s 5 are each amended  
20 to read as follows:

21 (1) The health and welfare advisory board is created consisting of  
22 the insurance commissioner and the state risk manager, or their  
23 designees, as ex officio members and six members appointed by the  
24 governor on the basis of their experience and knowledge pertaining to  
25 local government self-insured health and welfare benefits programs.  
26 The board shall include one city management representative; one county  
27 management representative; two management representatives from local  
28 government self-insured health and welfare programs; and two  
29 representatives of statewide employee organizations representing local  
30 government employees.

31 (2) The board shall assist the state risk manager in:

32 (a) Adopting rules governing the operation and management of both  
33 individual and joint self-insured health and welfare benefits programs  
34 and the law enforcement officers' and fire fighters' medical benefits  
35 risk pool;

36 (b) Reviewing and approving the creation of both individual and  
37 joint self-insured health and welfare benefits programs;

1 (c) Reviewing annual reports filed by health and welfare benefits  
2 programs and in recommending that corrective action be taken by the  
3 programs when necessary; and

4 (d) Responding to concerns of the state auditor related to the  
5 management and operation of health and welfare benefits programs.

6 (3) The board shall annually elect a chair and a vice-chair from  
7 its members. The board shall meet at least quarterly at such times as  
8 the state risk manager may fix. The board members who are appointed  
9 shall serve without compensation from the state but shall suffer no  
10 loss because of absence from their regular employment. Members of the  
11 board who are not public employees shall be compensated in accordance  
12 with RCW 43.03.240.

13 (4) A majority of the board constitutes a quorum for the  
14 transaction of business.

15 (5) The board shall keep public records of its proceedings.

#### 16 PART IV

#### 17 MISCELLANEOUS AMENDATORY SECTIONS

18 **Sec. 401.** RCW 2.10.155 and 1990 c 274 s 14 are each amended to  
19 read as follows:

20 (1) No judge shall be eligible to receive the judge's monthly  
21 service or disability retirement allowance if the retired judge is  
22 employed:

23 (a) For more than eight hundred ten hours in a calendar year as a  
24 pro tempore judge; or

25 (b) In an eligible position as defined in RCW 41.40.010 or  
26 41.32.010, or as a law enforcement officer or fire fighter as defined  
27 in RCW 41.26.030 or section 202 of this act.

28 (2) Subsection (1) of this section notwithstanding, a previously  
29 elected judge of the superior court who retired before June 7, 1990,  
30 leaving a pending case in which the judge had made discretionary  
31 rulings may hear the pending case as a judge pro tempore without having  
32 his or her retirement allowance suspended.

33 (3) If a retired judge's benefits have been suspended under this  
34 section, his or her benefits shall be reinstated when the retiree  
35 terminates the employment that caused his or her benefits to be  
36 suspended. Upon reinstatement, the retired judge's benefits shall be  
37 actuarially recomputed pursuant to the rules adopted by the department.

1 (4) The department shall adopt rules implementing this section.

2 **Sec. 402.** RCW 6.15.020 and 1999 c 81 s 1 and 1999 c 42 s 603 are  
3 each reenacted and amended to read as follows:

4 (1) It is the policy of the state of Washington to ensure the well-  
5 being of its citizens by protecting retirement income to which they are  
6 or may become entitled. For that purpose generally and pursuant to the  
7 authority granted to the state of Washington under 11 U.S.C. Sec.  
8 522(b)(2), the exemptions in this section relating to retirement  
9 benefits are provided.

10 (2) Unless otherwise provided by federal law, any money received by  
11 any citizen of the state of Washington as a pension from the government  
12 of the United States, whether the same be in the actual possession of  
13 such person or be deposited or loaned, shall be exempt from execution,  
14 attachment, garnishment, or seizure by or under any legal process  
15 whatever, and when a debtor dies, or absconds, and leaves his or her  
16 family any money exempted by this subsection, the same shall be exempt  
17 to the family as provided in this subsection. This subsection shall  
18 not apply to child support collection actions issued under chapter  
19 26.18, 26.23, or 74.20A RCW, if otherwise permitted by federal law.

20 (3) The right of a person to a pension, annuity, or retirement  
21 allowance or disability allowance, or death benefits, or any optional  
22 benefit, or any other right accrued or accruing to any citizen of the  
23 state of Washington under any employee benefit plan, and any fund  
24 created by such a plan or arrangement, shall be exempt from execution,  
25 attachment, garnishment, or seizure by or under any legal process  
26 whatever. This subsection shall not apply to child support collection  
27 actions issued under chapter 26.18, 26.23, or 74.20A RCW if otherwise  
28 permitted by federal law. This subsection shall permit benefits under  
29 any such plan or arrangement to be payable to a spouse, former spouse,  
30 child, or other dependent of a participant in such plan to the extent  
31 expressly provided for in a qualified domestic relations order that  
32 meets the requirements for such orders under the plan, or, in the case  
33 of benefits payable under a plan described in sections 403(b) or 408 of  
34 the internal revenue code of 1986, as amended, or section 409 of such  
35 code as in effect before January 1, 1984, to the extent provided in any  
36 order issued by a court of competent jurisdiction that provides for  
37 maintenance or support. This subsection shall not prohibit actions

1 against an employee benefit plan, or fund for valid obligations  
2 incurred by the plan or fund for the benefit of the plan or fund.

3 (4) For the purposes of this section, the term "employee benefit  
4 plan" means any plan or arrangement that is described in RCW 49.64.020,  
5 including any Keogh plan, whether funded by a trust or by an annuity  
6 contract, and in sections 401(a) or 403(a) of the internal revenue code  
7 of 1986, as amended; or that is a tax-sheltered annuity described in  
8 section 403(b) of such code or an individual retirement account  
9 described in section 408 of such code; or a Roth individual retirement  
10 account described in section 408A of such code; or a medical savings  
11 account described in section 220 of such code; or an education  
12 individual retirement account described in section 530 of such code; or  
13 a retirement bond described in section 409 of such code as in effect  
14 before January 1, 1984. The term "employee benefit plan" also means  
15 any rights accruing on account of money paid currently or in advance  
16 for purchase of tuition units under the advanced college tuition  
17 payment program in chapter 28B.95 RCW. The term "employee benefit  
18 plan" shall not include any employee benefit plan that is established  
19 or maintained for its employees by the government of the United States,  
20 by the state of Washington under chapter 2.10, 2.12, 41.26, 41.26A,  
21 41.32, 41.34, 41.35, 41.40 or 43.43 RCW or RCW 41.50.770, or by any  
22 agency or instrumentality of the government of the United States.

23 (5) An employee benefit plan shall be deemed to be a spendthrift  
24 trust, regardless of the source of funds, the relationship between the  
25 trustee or custodian of the plan and the beneficiary, or the ability of  
26 the debtor to withdraw or borrow or otherwise become entitled to  
27 benefits from the plan before retirement. This subsection shall not  
28 apply to child support collection actions issued under chapter 26.18,  
29 26.23, or 74.20A RCW, if otherwise permitted by federal law. This  
30 subsection shall permit benefits under any such plan or arrangement to  
31 be payable to a spouse, former spouse, child, or other dependent of a  
32 participant in such plan to the extent expressly provided for in a  
33 qualified domestic relations order that meets the requirements for such  
34 orders under the plan, or, in the case of benefits payable under a plan  
35 described in sections 403(b) or 408 of the internal revenue code of  
36 1986, as amended, or section 409 of such code as in effect before  
37 January 1, 1984, to the extent provided in any order issued by a court  
38 of competent jurisdiction that provides for maintenance or support.

1 (6) Unless contrary to applicable federal law, nothing contained in  
2 subsection (3), (4), or (5) of this section shall be construed as a  
3 termination or limitation of a spouse's community property interest in  
4 an individual retirement account held in the name of or on account of  
5 the other spouse, the account holder spouse. At the death of the  
6 nonaccount holder spouse, the nonaccount holder spouse may transfer or  
7 distribute the community property interest of the nonaccount holder  
8 spouse in the account holder spouse's individual retirement account to  
9 the nonaccount holder spouse's estate, testamentary trust, inter vivos  
10 trust, or other successor or successors pursuant to the last will of  
11 the nonaccount holder spouse or the law of intestate succession, and  
12 that distributee may, but shall not be required to, obtain an order of  
13 a court of competent jurisdiction, including a nonjudicial dispute  
14 resolution agreement entered into pursuant to RCW 11.96.170 or other  
15 order entered under chapter 11.96A RCW, to confirm the distribution.  
16 For purposes of subsection (3) of this section, the distributee of the  
17 nonaccount holder spouse's community property interest in an individual  
18 retirement account shall be considered a person entitled to the full  
19 protection of subsection (3) of this section. The nonaccount holder  
20 spouse's consent to a beneficiary designation by the account holder  
21 spouse with respect to an individual retirement account shall not,  
22 absent clear and convincing evidence to the contrary, be deemed a  
23 release, gift, relinquishment, termination, limitation, or transfer of  
24 the nonaccount holder spouse's community property interest in an  
25 individual retirement account. For purposes of this subsection, the  
26 term "nonaccount holder spouse" means the spouse of the person in whose  
27 name the individual retirement account is maintained. The term  
28 "individual retirement account" includes an individual retirement  
29 account and an individual retirement annuity both as described in  
30 section 408 of the internal revenue code of 1986, as amended, a Roth  
31 individual retirement account as described in section 408A of the  
32 internal revenue code of 1986, as amended, and an individual retirement  
33 bond as described in section 409 of the internal revenue code as in  
34 effect before January 1, 1984. As used in this subsection, an order of  
35 a court of competent jurisdiction includes an agreement, as that term  
36 is used under RCW 11.96A.220.

37 **Sec. 403.** RCW 26.09.138 and 1991 c 365 s 24 are each amended to  
38 read as follows:

1 (1) Any obligee of a court order or decree establishing a spousal  
2 maintenance obligation may seek a mandatory benefits assignment order  
3 under chapter 41.50 RCW if any spousal maintenance payment is more than  
4 fifteen days past due and the total of such past due payments is equal  
5 to or greater than one hundred dollars, or if the obligor requests a  
6 withdrawal of accumulated contributions from the department of  
7 retirement systems.

8 (2) Any court order or decree establishing a spousal maintenance  
9 obligation may state that, if any spousal maintenance payment is more  
10 than fifteen days past due and the total of such past due payments is  
11 equal to or greater than one hundred dollars, or if the obligor  
12 requests a withdrawal of accumulated contributions from the department  
13 of retirement systems, the obligee may seek a mandatory benefits  
14 assignment order under chapter 41.50 RCW without prior notice to the  
15 obligor. Any such court order or decree may also, or in the  
16 alternative, contain a provision that would allow the department to  
17 make a direct payment of all or part of a withdrawal of accumulated  
18 contributions pursuant to RCW 41.50.550(3). Failure to include this  
19 provision does not affect the validity of the court order or decree  
20 establishing the spousal maintenance, nor does such failure affect the  
21 general applicability of RCW 41.50.500 through 41.50.650 to such  
22 obligations.

23 (3) The remedies in RCW 41.50.530 through 41.50.630 are the  
24 exclusive provisions of law enforceable against the department of  
25 retirement systems in connection with any action for enforcement of a  
26 spousal maintenance obligation ordered pursuant to a divorce,  
27 dissolution, or legal separation, and no other remedy ordered by a  
28 court under this chapter shall be enforceable against the department of  
29 retirement systems for collection of spousal maintenance.

30 (4)(a) Nothing in this section regarding mandatory assignment of  
31 benefits to enforce a spousal maintenance obligation shall abridge the  
32 right of an ex spouse to receive direct payment of retirement benefits  
33 payable pursuant to: (i) A court decree of dissolution or legal  
34 separation; or (ii) any court order or court-approved property  
35 settlement agreement; or (iii) incident to any court decree of  
36 dissolution or legal separation, if such dissolution orders fully  
37 comply with RCW 41.50.670 and 41.50.700, or as applicable, RCW  
38 2.10.180, 2.12.090, 41.04.310, 41.04.320, 41.04.330, ~~((41.26.180))~~  
39 41.26.053, section 209 of this act, 41.32.052, 41.40.052, or 43.43.310



1 as those statutes existed before July 1, 1987, and as those statutes  
2 exist on and after July 28, 1991.

3 (b) Persons whose dissolution orders as defined in RCW 41.50.500(3)  
4 were entered between July 1, 1987, and July 28, 1991, shall be entitled  
5 to receive direct payments of retirement benefits to satisfy court-  
6 ordered property divisions if the dissolution orders filed with the  
7 department comply or are amended to comply with RCW 41.50.670 through  
8 41.50.720 and, as applicable, RCW 2.10.180, 2.12.090, (~~41.26.180~~)  
9 41.26.053, section 209 of this act, 41.32.052, 41.40.052, or 43.43.310.

10 **Sec. 404.** RCW 36.28A.010 and 1975 1st ex.s. c 172 s 1 are each  
11 amended to read as follows:

12 The Washington association of sheriffs and police chiefs is hereby  
13 declared to be a combination of units of local government: PROVIDED,  
14 That such association shall not be considered an "employer" within the  
15 meaning of RCW 41.26.030(2), section 202 of this act, or 41.40.010(4):  
16 PROVIDED FURTHER, That no compensation received as an employee of the  
17 association shall be considered salary for purposes of the provisions  
18 of any retirement system created pursuant to the general laws of this  
19 state: PROVIDED FURTHER, That such association shall not qualify for  
20 inclusion under the unallocated two mills of the property tax of any  
21 political subdivision: PROVIDED FURTHER, That the association shall  
22 not have the authority to assess any excess levy or bond measure.

23 **Sec. 405.** RCW 41.04.205 and 1995 1st sp.s. c 6 s 8 are each  
24 amended to read as follows:

25 (1) Notwithstanding the provisions of RCW 41.04.180, the employees,  
26 with their dependents, of any county, municipality, or other political  
27 subdivision of this state shall be eligible to participate in any  
28 insurance or self-insurance program for employees administered under  
29 chapter 41.05 RCW if the legislative authority of any such county,  
30 municipality, or other political subdivisions of this state determines,  
31 subject to collective bargaining under applicable statutes, a transfer  
32 to an insurance or self-insurance program administered under chapter  
33 41.05 RCW should be made. In the event of a special district employee  
34 transfer pursuant to this section, members of the governing authority  
35 shall be eligible to be included in such transfer if such members are  
36 authorized by law as of June 25, 1976, to participate in the insurance

1 program being transferred from and subject to payment by such members  
2 of all costs of insurance for members.

3 (2) When the legislative authority of a county, municipality, or  
4 other political subdivision determines to so transfer, the state health  
5 care authority shall:

6 (a) Establish the conditions for participation; and

7 (b) Have the sole right to reject the application.

8 Approval of the application by the state health care authority  
9 shall effect a transfer of the employees involved to the insurance,  
10 self-insurance, or health care program applied for.

11 (3) Any application of this section to members of the law  
12 enforcement officers' and fire fighters' retirement system under  
13 chapter 41.26 or 41.26A RCW is subject to chapter 41.56 RCW.

14 (4) School districts may voluntarily transfer, except that all  
15 eligible employees in a bargaining unit of a school district may  
16 transfer only as a unit and all nonrepresented employees in a district  
17 may transfer only as a unit.

18 **Sec. 406.** RCW 41.04.270 and 1988 c 195 s 5 are each amended to  
19 read as follows:

20 (1) Notwithstanding any provision of chapter 2.10, 2.12, 41.26,  
21 41.26A, 41.28, 41.32, 41.40, or 43.43 RCW to the contrary, on and after  
22 March 19, 1976, any member or former member who (a) receives a  
23 retirement allowance earned by said former member as deferred  
24 compensation from any public retirement system authorized by the  
25 general laws of this state, or (b) is eligible to receive a retirement  
26 allowance from any public retirement system listed in RCW 41.50.030,  
27 but chooses not to apply, or (c) is the beneficiary of a disability  
28 allowance from any public retirement system listed in RCW 41.50.030  
29 shall be estopped from becoming a member of or accruing any contractual  
30 rights whatsoever in any other public retirement system listed in RCW  
31 41.50.030: PROVIDED, That (a) and (b) of this subsection shall not  
32 apply to persons who have accumulated less than fifteen years service  
33 credit in any such system.

34 (2) Nothing in this section is intended to apply to any retirement  
35 system except those listed in RCW 41.50.030 and the city employee  
36 retirement systems for Seattle, Tacoma, and Spokane. Subsection (1)(b)  
37 of this section does not apply to a dual member as defined in RCW  
38 41.54.010.

1       **Sec. 407.** RCW 41.04.350 and 1979 ex.s. c 159 s 1 are each amended  
2 to read as follows:

3       (1) Notwithstanding any other provisions of law, no employee of the  
4 state of Washington or any of its political subdivisions or any  
5 institution supported in total or in part by the state or any of its  
6 political subdivisions, other than employees covered by chapters 41.26,  
7 41.26A, and 43.43 RCW, shall be compelled to retire solely on the basis  
8 of age prior to attaining seventy years of age.

9       (2) All compulsory retirement provisions relating to public  
10 employees, other than employees covered by chapters 41.26, 41.26A, and  
11 43.43 RCW, may be waived for individuals attaining seventy years of age  
12 by the individual's employer.

13       **Sec. 408.** RCW 41.04.400 and 1984 c 184 s 22 are each amended to  
14 read as follows:

15       It is the purpose of RCW 41.04.405 through 41.04.430 to govern the  
16 retirement rights of persons whose employment status is altered when:

17 (1) Two or more units of local government of this state, at least one  
18 of which is a first class city with its own retirement system, enter  
19 into an agreement for the consolidated performance of a governmental  
20 service, activity, or undertaking; (2) the service, activity, or  
21 undertaking is to be performed either by one of the participating  
22 local governmental units or by a newly established separate legal  
23 entity; and (3) the employees of the participating local governmental  
24 units are not all members of the same Washington public retirement  
25 system.

26       RCW 41.04.405 through 41.04.430 are not intended to and do not  
27 govern retirement rights of any members of the retirement systems  
28 established by chapter 41.16, 41.18, 41.20, (~~or~~) 41.26, or 41.26A  
29 RCW, or of employees described in RCW 35.58.265, 35.58.390, or  
30 70.08.070. To the extent there is any conflict between RCW 41.04.405  
31 through 41.04.430 and RCW 41.04.110, the provisions of RCW 41.04.405  
32 through 41.04.430 shall govern.

33       **Sec. 409.** RCW 41.05.320 and 1995 1st sp.s. c 6 s 13 are each  
34 amended to read as follows:

35       (1) Elected officials and all permanent employees of the state are  
36 eligible to participate in the benefits contribution plan and  
37 contribute amount(s) by agreement with the authority. The authority

1 may adopt rules to permit participation in the plan by temporary  
2 employees of the state.

3 (2) Persons eligible under subsection (1) of this section may enter  
4 into benefits contribution agreements with the state.

5 (3)(a) In the initial year of the medical flexible spending  
6 arrangement or cafeteria plan, if authorized, an eligible person may  
7 become a participant after the adoption of the plan and before its  
8 effective date by agreeing to have a portion of his or her gross salary  
9 contributed and deposited into a health care and other benefits account  
10 to be used for reimbursement of expenses covered by the plan.

11 (b) After the initial year of the medical flexible spending  
12 arrangement or cafeteria plan, if authorized, an eligible person may  
13 become a participant for a full plan year, with annual benefit  
14 selection for each new plan year made before the beginning of the plan  
15 year, as determined by the authority, or upon becoming eligible.

16 (c) Once an eligible person elects to participate and the amount of  
17 gross salary that he or she shall contribute and the benefit for which  
18 the funds are to be used during the plan year is determined, the  
19 agreement shall be irrevocable and may not be amended during the plan  
20 year except as provided in (d) of this subsection. Prior to making an  
21 election to participate in the (~~benefit[s]~~) benefits contribution  
22 plan, the eligible person shall be informed in writing of all the  
23 benefits and contributions that will occur as a result of such  
24 election.

25 (d) The authority shall provide in the benefits contribution plan  
26 that a participant may enroll, terminate, or change his or her election  
27 after the plan year has begun if there is a significant change in a  
28 participant's status, as provided by 26 U.S.C. Sec. 125 and the  
29 regulations adopted under that section and defined by the authority.

30 (4) The authority shall establish as part of the benefits  
31 contribution plan the procedures for and effect of withdrawal from the  
32 plan by reason of retirement, death, leave of absence, or termination  
33 of employment. To the extent possible under federal law, the authority  
34 shall protect participants from forfeiture of rights under the plan.

35 (5) Any contribution under the benefits contribution plan shall  
36 continue to be included as reportable compensation for the purpose of  
37 computing the state retirement and pension benefits earned by the  
38 employee pursuant to chapters 41.26, 41.26A, 41.32, 41.40, and 43.43  
39 RCW.

1       **Sec. 410.** RCW 41.18.210 and 1974 ex.s. c 148 s 1 are each amended  
2 to read as follows:

3       Any former employee of a department of a city of the first class,  
4 who (1) was a member of the employees' retirement system of such city,  
5 and (2) is now employed within the fire department of such city, may  
6 transfer his former membership credit from the city employees'  
7 retirement system to the fireman's pension system created by chapters  
8 41.16 and 41.18 RCW by filing a written request with the board of  
9 administration and the municipal fireman's pension board, respectively.

10       Upon the receipt of such request, the transfer of membership to the  
11 city's fireman's pension system shall be made, together with a transfer  
12 of all accumulated contributions credited to such member. The board of  
13 administration shall transmit to the municipal fireman's pension board  
14 a record of service credited to such member which shall be computed and  
15 credited to such member as a part of his period of employment in the  
16 city's fireman's pension system. For the purpose of the transfer  
17 contemplated by this section, those affected individuals who have  
18 formerly withdrawn funds from the city employees' retirement system  
19 shall be allowed to restore contributions withdrawn from that  
20 retirement system directly to the fireman's pension system and receive  
21 credit in the fireman's pension system for their former membership  
22 service in the prior system.

23       Any employee so transferring shall have all the rights, benefits,  
24 and privileges that he would have been entitled to had he been a member  
25 of the city's fireman's pension system from the beginning of his  
26 employment with the city.

27       No person so transferring shall thereafter be entitled to any other  
28 public pension, except that provided by chapter 41.26 or 41.26A RCW or  
29 social security, which is based upon such service with the city.

30       The right of any employee to file a written request for transfer of  
31 membership as set forth in this section shall expire December 31, 1974.

32       **Sec. 411.** RCW 41.20.170 and 1973 c 143 s 2 are each amended to  
33 read as follows:

34       Any former employee of a department of a city of the first class  
35 who (1) was a member of the employees' retirement system of such city,  
36 and (2) is now employed within the police department of such city, may  
37 transfer his or her membership from the city employees' retirement  
38 system to the city's police relief and pension fund system by filing a

1 written request with the board of administration and the board of  
2 trustees, respectively, of the two systems.

3       Upon the receipt of such request, the transfer of membership to the  
4 city's police relief and pension fund system shall be made, together  
5 with a transfer of all accumulated contributions credited to such  
6 member. The board of administration of the city's employees'  
7 retirement system shall transmit to the board of trustees of the city's  
8 police relief and pension fund system a record of service credited to  
9 such member which shall be computed and credited to such member as a  
10 part of his or her period of employment in the city's police relief and  
11 pension fund system. For the purpose of the transfer contemplated by  
12 this section, the affected individuals shall be allowed to restore  
13 withdrawn contributions to the city employees' retirement system and  
14 reinstate their membership service records.

15       Any employee so transferring shall have all the rights, benefits  
16 and privileges that he or she would have been entitled to had he or she  
17 been a member of the city's police relief and pension fund system from  
18 the beginning of his or her employment with the city.

19       No person so transferring shall thereafter be entitled to any other  
20 public pension, except that provided by chapter 41.26 or 41.26A RCW or  
21 social security, which is based upon service with the city.

22       The right of any employee to file a written request for transfer of  
23 membership as set forth herein shall expire December 31, 1973.

24       **Sec. 412.** RCW 41.20.175 and 1974 ex.s. c 148 s 2 are each amended  
25 to read as follows:

26       A former employee of a fire department of a city of the first class  
27 who (1) was a member of the fireman's pension system created by  
28 chapters 41.16 or 41.18 RCW, and (2) is now employed within the police  
29 department of such city, will be regarded as having received membership  
30 service credit for such service to the fire department in the city's  
31 police and relief pension system at the time he recovers such service  
32 credit by paying withdrawn contributions to the Washington law  
33 enforcement officers' and fire fighters' retirement system pursuant to  
34 RCW 41.26.030(~~((+14))~~) or section 202 of this act.

35       **Sec. 413.** RCW 41.24.400 and 1999 c 148 s 31 are each amended to  
36 read as follows:

1 (1) Except as provided in subsection (2) of this section, any  
2 municipality may make provision by appropriate legislation and payment  
3 of fees required by RCW 41.24.030(1) solely for the purpose of enabling  
4 any reserve officer to enroll under the retirement pension provisions  
5 of this chapter or fees required under RCW 41.24.030(1) to pay for the  
6 costs of extending the relief provisions of this chapter to its reserve  
7 officers.

8 (2) A reserve officer is not eligible to receive a benefit under  
9 the retirement provisions of this chapter for service under chapter  
10 41.26, 41.26A, 41.32, or 41.40 RCW.

11 (3) Every municipality shall make provisions for the collection and  
12 payment of the fees required under this chapter, and shall continue to  
13 make provisions for all reserve officers who come under this chapter as  
14 long as they continue to be employed as reserve officers.

15 (4) Except as provided under RCW 41.24.450, a reserve officer is  
16 not eligible to receive a benefit under the relief provisions of this  
17 chapter.

18 **Sec. 414.** RCW 41.32.800 and 1998 c 341 s 605 are each amended to  
19 read as follows:

20 (1) Except as provided in RCW 41.32.802, no retiree under the  
21 provisions of plan 2 shall be eligible to receive such retiree's  
22 monthly retirement allowance if he or she is employed in an eligible  
23 position as defined in RCW 41.40.010, 41.32.010, or 41.35.010, or as a  
24 law enforcement officer or fire fighter as defined in RCW 41.26.030 or  
25 section 202 of this act.

26 If a retiree's benefits have been suspended under this section, his  
27 or her benefits shall be reinstated when the retiree terminates the  
28 employment that caused his or her benefits to be suspended. Upon  
29 reinstatement, the retiree's benefits shall be actuarially recomputed  
30 pursuant to the rules adopted by the department.

31 (2) The department shall adopt rules implementing this section.

32 **Sec. 415.** RCW 41.32.860 and 1997 c 254 s 7 are each amended to  
33 read as follows:

34 (1) Except under RCW 41.32.862, no retiree shall be eligible to  
35 receive such retiree's monthly retirement allowance if he or she is  
36 employed in an eligible position as defined in RCW 41.40.010 or

1 41.32.010, or as a law enforcement officer or fire fighter as defined  
2 in RCW 41.26.030 or section 202 of this act.

3 (2) If a retiree's benefits have been suspended under this section,  
4 his or her benefits shall be reinstated when the retiree terminates the  
5 employment that caused the suspension of benefits. Upon reinstatement,  
6 the retiree's benefits shall be actuarially recomputed pursuant to the  
7 rules adopted by the department.

8 **Sec. 416.** RCW 41.35.230 and 1998 c 341 s 24 are each amended to  
9 read as follows:

10 (1) Except as provided in RCW 41.35.060, no retiree under the  
11 provisions of plan 2 shall be eligible to receive such retiree's  
12 monthly retirement allowance if he or she is employed in an eligible  
13 position as defined in RCW 41.35.010, RCW 41.40.010 or 41.32.010, or as  
14 a law enforcement officer or fire fighter as defined in RCW 41.26.030  
15 or section 202 of this act, except that a retiree who ends his or her  
16 membership in the retirement system pursuant to RCW 41.40.023(3)(b) is  
17 not subject to this section if the retiree's only employment is as an  
18 elective official.

19 (2) If a retiree's benefits have been suspended under this section,  
20 his or her benefits shall be reinstated when the retiree terminates the  
21 employment that caused his or her benefits to be suspended. Upon  
22 reinstatement, the retiree's benefits shall be actuarially recomputed  
23 pursuant to the rules adopted by the department.

24 (3) The department shall adopt rules implementing this section.

25 **Sec. 417.** RCW 41.40.690 and 1998 c 341 s 606 are each amended to  
26 read as follows:

27 (1) Except as provided in RCW 41.40.037, no retiree under the  
28 provisions of plan 2 shall be eligible to receive such retiree's  
29 monthly retirement allowance if he or she is employed in an eligible  
30 position as defined in RCW 41.40.010, 41.32.010, or 41.35.010, or as a  
31 law enforcement officer or fire fighter as defined in RCW 41.26.030 or  
32 section 202 of this act, except that a retiree who ends his or her  
33 membership in the retirement system pursuant to RCW 41.40.023(3)(b) is  
34 not subject to this section if the retiree's only employment is as an  
35 elective official of a city or town.

36 (2) If a retiree's benefits have been suspended under this section,  
37 his or her benefits shall be reinstated when the retiree terminates the



1 employment that caused his or her benefits to be suspended. Upon  
2 reinstatement, the retiree's benefits shall be actuarially recomputed  
3 pursuant to the rules adopted by the department.

4 (3) The department shall adopt rules implementing this section.

5 **Sec. 418.** RCW 41.40.850 and 2000 c 247 s 315 are each amended to  
6 read as follows:

7 (1) Except as provided in RCW 41.40.037, no retiree under the  
8 provisions of plan 3 shall be eligible to receive such retiree's  
9 monthly retirement allowance if he or she is employed in an eligible  
10 position as defined in RCW 41.40.010, 41.32.010, or 41.35.010, or as a  
11 law enforcement officer or fire fighter as defined in RCW 41.26.030 or  
12 section 202 of this act, except that a retiree who ends his or her  
13 membership in the retirement system pursuant to RCW 41.40.023(3)(b) is  
14 not subject to this section if the retiree's only employment is as an  
15 elective official of a city or town.

16 (2) If a retiree's benefits have been suspended under this section,  
17 his or her benefits shall be reinstated when the retiree terminates the  
18 employment that caused his or her benefits to be suspended. Upon  
19 reinstatement, the retiree's benefits shall be actuarially recomputed  
20 pursuant to the rules adopted by the department.

21 (3) The department shall adopt rules implementing this section.

22 **Sec. 419.** RCW 41.45.010 and 1998 c 341 s 401 are each amended to  
23 read as follows:

24 It is the intent of the legislature to provide a dependable and  
25 systematic process for funding the benefits provided to members and  
26 retirees of the public employees' retirement system, chapter 41.40 RCW;  
27 the teachers' retirement system, chapter 41.32 RCW; the law enforcement  
28 officers' and fire fighters' retirement systems, chapter 41.26 and  
29 41.26A RCW; the school employees' retirement system, chapter 41.35 RCW;  
30 and the Washington state patrol retirement system, chapter 43.43 RCW.

31 The funding processes established by this chapter (~~is~~) are  
32 intended to achieve the following goals:

33 (1) To continue to fully fund the public employees' retirement  
34 system plan 2, the teachers' retirement system plans 2 and 3, the  
35 school employees' retirement system plans 2 and 3, and the law  
36 enforcement officers' and fire fighters' retirement system plan 2 as  
37 provided by law;

1 (2) To fully amortize the total costs of the public employees'  
2 retirement system plan 1(~~(7)~~) and the teachers' retirement system plan  
3 1(~~(7 and the law enforcement officers' and fire fighters' retirement~~  
4 ~~system plan 1)~~) not later than June 30, 2024;

5 (3) To maintain the sound actuarially funding of the restated law  
6 enforcement officers' and fire fighters' retirement system;

7 (4) To enable taxpayers and retirement system members to benefit  
8 from favorable actuarial experience and investment returns by means of  
9 contribution rate reductions for plan 2 members and employers, and by  
10 a return of surplus assets from the termination of the law enforcement  
11 officers' and fire fighters' retirement system plan 1 to employees,  
12 employers, and the state;

13 (5) To establish predictable long-term employer contribution rates  
14 which will remain a relatively constant proportion of the future state  
15 budgets; and

16 (~~(4)~~) (6) To fund, to the extent feasible, benefit increases for  
17 plan 1 members and all benefits for plan 2 and 3 members over the  
18 working lives of those members so that the cost of those benefits are  
19 paid by the taxpayers who receive the benefit of those members'  
20 service.

21 **Sec. 420.** RCW 41.45.010 and 2000 c 247 s 501 are each amended to  
22 read as follows:

23 It is the intent of the legislature to provide a dependable and  
24 systematic process for funding the benefits provided to members and  
25 retirees of the public employees' retirement system, chapter 41.40 RCW;  
26 the teachers' retirement system, chapter 41.32 RCW; the law enforcement  
27 officers' and fire fighters' retirement systems, chapter 41.26 and  
28 41.26A RCW; the school employees' retirement system, chapter 41.35 RCW;  
29 and the Washington state patrol retirement system, chapter 43.43 RCW.

30 The funding processes established by this chapter (~~is~~) are  
31 intended to achieve the following goals:

32 (1) To continue to fully fund the public employees' retirement  
33 system plans 2 and 3, the teachers' retirement system plans 2 and 3,  
34 the school employees' retirement system plans 2 and 3, and the law  
35 enforcement officers' and fire fighters' retirement system plan 2 as  
36 provided by law;

37 (2) To fully amortize the total costs of the public employees'  
38 retirement system plan 1(~~(7)~~) and the teachers' retirement system plan

1 (~~(, and the law enforcement officers' and fire fighters' retirement~~  
2 ~~system plan 1)) not later than June 30, 2024;~~

3 (3) To maintain the sound actuarial funding of the restated law  
4 enforcement officers' and fire fighters' retirement system;

5 (4) To enable taxpayers and retirement system members to benefit  
6 from favorable actuarial experience and investment returns by means of  
7 contribution rate reductions for plan 2 members and employers, and by  
8 a return of surplus assets from the termination of the law enforcement  
9 officers' and fire fighters' retirement system plan 1 to employees,  
10 employers, and the state;

11 (5) To establish predictable long-term employer contribution rates  
12 which will remain a relatively constant proportion of the future state  
13 budgets; and

14 ~~((+4))~~ (6) To fund, to the extent feasible, benefit increases for  
15 plan 1 members and all benefits for plan 2 and 3 members over the  
16 working lives of those members so that the cost of those benefits are  
17 paid by the taxpayers who receive the benefit of those members'  
18 service.

19 **Sec. 421.** RCW 41.45.020 and 1998 c 341 s 402 and 1998 c 283 s 1  
20 are each reenacted and amended to read as follows:

21 As used in this chapter, the following terms have the meanings  
22 indicated unless the context clearly requires otherwise.

23 (1) "Council" means the pension funding council created in RCW  
24 41.45.100.

25 (2) "Department" means the department of retirement systems.

26 (3) "Restated law enforcement officers' and fire fighters'  
27 retirement system ((plan 1))" and "law enforcement officers' and fire  
28 fighters' retirement system plan 2" mean the benefits and funding  
29 provisions under chapter 41.26A and 41.26 RCW, respectively.

30 (4) "Public employees' retirement system plan 1" and "public  
31 employees' retirement system plan 2" mean the benefits and funding  
32 provisions under chapter 41.40 RCW.

33 (5) "Teachers' retirement system plan 1," "teachers' retirement  
34 system plan 2," and "teachers' retirement system plan 3" mean the  
35 benefits and funding provisions under chapter 41.32 RCW.

36 (6) "School employees' retirement system plan 2" and "school  
37 employees' retirement system plan 3" mean the benefits and funding  
38 provisions under chapter 41.35 RCW.

1 (7) "Washington state patrol retirement system" means the  
2 retirement benefits provided under chapter 43.43 RCW.

3 (8) "Unfunded liability" means the unfunded actuarial accrued  
4 liability of a retirement system.

5 (9) "Actuary" or "state actuary" means the state actuary employed  
6 under chapter 44.44 RCW.

7 (10) "State retirement systems" means the retirement systems listed  
8 in RCW 41.50.030.

9 (11) "Work group" means the pension funding work group created in  
10 RCW 41.45.120.

11 (12) "Classified employee" means a member of the Washington school  
12 employees' retirement system plan 2 or plan 3 as defined in RCW  
13 41.35.010.

14 (13) "Teacher" means a member of the teachers' retirement system as  
15 defined in RCW 41.32.010(15).

16 **Sec. 422.** RCW 41.45.020 and 2000 c 247 s 502 are each amended to  
17 read as follows:

18 As used in this chapter, the following terms have the meanings  
19 indicated unless the context clearly requires otherwise.

20 (1) "Council" means the pension funding council created in RCW  
21 41.45.100.

22 (2) "Department" means the department of retirement systems.

23 (3) "Restated law enforcement officers' and fire fighters'  
24 retirement system ((plan 1))" and "law enforcement officers' and fire  
25 fighters' retirement system plan 2" mean the benefits and funding  
26 provisions under chapter 41.26A and 41.26 RCW, respectively.

27 (4) "Public employees' retirement system plan 1," "public  
28 employees' retirement system plan 2," and "public employees' retirement  
29 system plan 3" mean the benefits and funding provisions under chapter  
30 41.40 RCW.

31 (5) "Teachers' retirement system plan 1," "teachers' retirement  
32 system plan 2," and "teachers' retirement system plan 3" mean the  
33 benefits and funding provisions under chapter 41.32 RCW.

34 (6) "School employees' retirement system plan 2" and "school  
35 employees' retirement system plan 3" mean the benefits and funding  
36 provisions under chapter 41.35 RCW.

37 (7) "Washington state patrol retirement system" means the  
38 retirement benefits provided under chapter 43.43 RCW.

1 (8) "Unfunded liability" means the unfunded actuarial accrued  
2 liability of a retirement system.

3 (9) "Actuary" or "state actuary" means the state actuary employed  
4 under chapter 44.44 RCW.

5 (10) "State retirement systems" means the retirement systems listed  
6 in RCW 41.50.030.

7 (11) "Work group" means the pension funding work group created in  
8 RCW 41.45.120.

9 (12) "Classified employee" means a member of the Washington school  
10 employees' retirement system plan 2 or plan 3 as defined in RCW  
11 41.35.010.

12 (13) "Teacher" means a member of the teachers' retirement system as  
13 defined in RCW 41.32.010(15).

14 **Sec. 423.** RCW 41.45.050 and 1998 c 341 s 403 are each amended to  
15 read as follows:

16 (1) Employers of members of the public employees' retirement  
17 system, the teachers' retirement system, the school employees'  
18 retirement system, and the Washington state patrol retirement system  
19 shall make contributions to those systems based on the rates  
20 established in RCW 41.45.060 and 41.45.070.

21 (2) The state shall make contributions to the law enforcement  
22 officers' and fire fighters' retirement system plan 2 based on the  
23 rates established in RCW 41.45.060 and 41.45.070. The state treasurer  
24 shall transfer the required contributions each month on the basis of  
25 salary data provided by the department. The state shall make  
26 contributions pursuant to section 5 of this act to maintain the sound  
27 actuarial status of the restated law enforcement officers' and fire  
28 fighters' defined benefit retirement plan.

29 (3) The department shall bill employers, and the state shall make  
30 contributions to the law enforcement officers' and fire fighters'  
31 retirement system plan 2, using the combined rates established in RCW  
32 41.45.060 and 41.45.070 regardless of the level of pension funding  
33 provided in the biennial budget. Any member of an affected retirement  
34 system may, by mandamus or other appropriate proceeding, require the  
35 transfer and payment of funds as directed in this section.

36 (4) The contributions received for the public employees' retirement  
37 system shall be allocated between the public employees' retirement  
38 system plan 1 fund and public employees' retirement system plan 2 fund

1 as follows: The contributions necessary to fully fund the public  
2 employees' retirement system plan 2 employer contribution required by  
3 RCW 41.40.650 shall first be deposited in the public employees'  
4 retirement system plan 2 fund. All remaining public employees'  
5 retirement system employer contributions shall be deposited in the  
6 public employees' retirement system plan 1 fund.

7 (5) The contributions received for the teachers' retirement system  
8 shall be allocated between the plan 1 fund and the combined plan 2 and  
9 plan 3 fund as follows: The contributions necessary to fully fund the  
10 combined plan 2 and plan 3 employer contribution shall first be  
11 deposited in the combined plan 2 and plan 3 fund. All remaining  
12 teachers' retirement system employer contributions shall be deposited  
13 in the plan 1 fund.

14 (6) The contributions received for the school employees' retirement  
15 system shall be allocated between the public employees' retirement  
16 system plan 1 fund and the school employees' retirement system combined  
17 plan 2 and plan 3 fund as follows: The contributions necessary to  
18 fully fund the combined plan 2 and plan 3 employer contribution shall  
19 first be deposited in the combined plan 2 and plan 3 fund. All  
20 remaining school employees' retirement system employer contributions  
21 shall be deposited in the public employees' retirement system plan 1  
22 fund.

23 (7) The contributions received under RCW 41.26.450 for the law  
24 enforcement officers' and fire fighters' retirement system shall be  
25 allocated (~~between the law enforcement officers' and fire fighters'~~  
26 ~~retirement system plan 1 and~~) to the law enforcement officers' and  
27 fire fighters' retirement system plan 2 fund (~~as follows:—The~~  
28 ~~contributions necessary to fully fund the law enforcement officers' and~~  
29 ~~fire fighters' retirement system plan 2 employer contributions shall be~~  
30 ~~first deposited in the law enforcement officers' and fire fighters'~~  
31 ~~retirement system plan 2 fund. All remaining law enforcement officers'~~  
32 ~~and fire fighters' retirement system employer contributions shall be~~  
33 ~~deposited in the law enforcement officers' and fire fighters'~~  
34 ~~retirement system plan 1 fund~~)).

35 (8) The funding of the restated law enforcement officers' and fire  
36 fighters' defined benefit retirement plan shall be provided pursuant to  
37 section 5 of this act.

1       **Sec. 424.** RCW 41.45.050 and 2000 c 247 s 503 are each amended to  
2 read as follows:

3       (1) Employers of members of the public employees' retirement  
4 system, the teachers' retirement system, the school employees'  
5 retirement system, and the Washington state patrol retirement system  
6 shall make contributions to those systems based on the rates  
7 established in RCW 41.45.060 and 41.45.070.

8       (2) The state shall make contributions to the law enforcement  
9 officers' and fire fighters' retirement system plan 2 based on the  
10 rates established in RCW 41.45.060 and 41.45.070. The state treasurer  
11 shall transfer the required contributions each month on the basis of  
12 salary data provided by the department. The state shall make  
13 contributions pursuant to section 5 of this act to maintain the sound  
14 actuarial status of the restated law enforcement officers' and fire  
15 fighters' defined benefit retirement plan.

16       (3) The department shall bill employers, and the state shall make  
17 contributions to the law enforcement officers' and fire fighters'  
18 retirement system plan 2, using the combined rates established in RCW  
19 41.45.060 and 41.45.070 regardless of the level of pension funding  
20 provided in the biennial budget. Any member of an affected retirement  
21 system may, by mandamus or other appropriate proceeding, require the  
22 transfer and payment of funds as directed in this section.

23       (4) The contributions received for the public employees' retirement  
24 system shall be allocated between the public employees' retirement  
25 system plan 1 fund and the public employees' retirement system combined  
26 plan 2 and plan 3 fund as follows: The contributions necessary to  
27 fully fund the public employees' retirement system combined plan 2 and  
28 plan 3 employer contribution shall first be deposited in the public  
29 employees' retirement system combined plan 2 and plan 3 fund. All  
30 remaining public employees' retirement system employer contributions  
31 shall be deposited in the public employees' retirement system plan 1  
32 fund.

33       (5) The contributions received for the teachers' retirement system  
34 shall be allocated between the plan 1 fund and the combined plan 2 and  
35 plan 3 fund as follows: The contributions necessary to fully fund the  
36 combined plan 2 and plan 3 employer contribution shall first be  
37 deposited in the combined plan 2 and plan 3 fund. All remaining  
38 teachers' retirement system employer contributions shall be deposited  
39 in the plan 1 fund.

1 (6) The contributions received for the school employees' retirement  
2 system shall be allocated between the public employees' retirement  
3 system plan 1 fund and the school employees' retirement system combined  
4 plan 2 and plan 3 fund as follows: The contributions necessary to  
5 fully fund the combined plan 2 and plan 3 employer contribution shall  
6 first be deposited in the combined plan 2 and plan 3 fund. All  
7 remaining school employees' retirement system employer contributions  
8 shall be deposited in the public employees' retirement system plan 1  
9 fund.

10 (7) The contributions received under RCW 41.45.060, 41.45.061, and  
11 41.45.067 for the law enforcement officers' and fire fighters'  
12 retirement system shall be allocated (~~((between the law enforcement  
13 officers' and fire fighters' retirement system plan 1 and))~~) to the law  
14 enforcement officers' and fire fighters' retirement system plan 2 fund  
15 (~~((as follows:— The contributions necessary to fully fund the law  
16 enforcement officers' and fire fighters' retirement system plan 2  
17 employer contributions shall be first deposited in the law enforcement  
18 officers' and fire fighters' retirement system plan 2 fund.— All  
19 remaining law enforcement officers' and fire fighters' retirement  
20 system employer contributions shall be deposited in the law enforcement  
21 officers' and fire fighters' retirement system plan 1 fund))~~).

22 (8) The funding of the restated law enforcement officers' and fire  
23 fighters' defined benefit retirement plan shall be provided pursuant to  
24 section 5 of this act.

25 **Sec. 425.** RCW 41.45.060 and 2000 2nd sp.s. c 1 s 905 and 2000 c  
26 247 s 504 are each reenacted and amended to read as follows:

27 (1) The state actuary shall provide actuarial valuation results  
28 based on the assumptions adopted under RCW 41.45.030.

29 (2) Not later than September 30, 1998, and every two years  
30 thereafter, consistent with the assumptions adopted under RCW  
31 41.45.030, the council shall adopt and may make changes to:

32 (a) A basic state contribution rate for the law enforcement  
33 officers' and fire fighters' retirement system plan 2;

34 (b) Basic employer contribution rates for the public employees'  
35 retirement system, the teachers' retirement system, and the Washington  
36 state patrol retirement system to be used in the ensuing biennial  
37 period; and



1 (c) A basic employer contribution rate for the school employees'  
2 retirement system for funding the public employees' retirement system  
3 plan 1.

4 For the 1999-2001 fiscal biennium, the rates adopted by the council  
5 shall be effective for the period designated in section 902, chapter 1,  
6 Laws of 2000 2nd sp. sess. and RCW 41.45.0602.

7 (3) The employer and state contribution rates adopted by the  
8 council shall be the level percentages of pay that are needed:

9 (a) To fully amortize the total costs of the public employees'  
10 retirement system plan 1, the teachers' retirement system plan 1, (~~the~~  
11 ~~law enforcement officers' and fire fighters' retirement system plan~~  
12 ~~1,7~~)) and the unfunded liability of the Washington state patrol  
13 retirement system not later than June 30, 2024, except as provided in  
14 subsection (5) of this section;

15 (b) To also continue to fully fund the public employees' retirement  
16 system plans 2 and 3, the teachers' retirement system plans 2 and 3,  
17 the school employees' retirement system plans 2 and 3, and the law  
18 enforcement officers' and fire fighters' retirement system plan 2 in  
19 accordance with RCW 41.45.061, 41.45.067, and this section; and

20 (c) For the law enforcement officers' and fire fighters' system  
21 plan 2, the rate charged to employers, except as provided in RCW  
22 41.26.450, shall be thirty percent of the cost of the retirement system  
23 and the rate charged to the state shall be twenty percent of the cost  
24 of the retirement system.

25 (4) The aggregate actuarial cost method shall be used to calculate  
26 a combined plan 2 and 3 employer contribution rate.

27 (5) An amount equal to the amount of extraordinary investment gains  
28 as defined in RCW 41.31.020 shall be used to shorten the amortization  
29 period for the public employees' retirement system plan 1 and the  
30 teachers' retirement system plan 1.

31 (6) The council shall immediately notify the directors of the  
32 office of financial management and department of retirement systems of  
33 the state and employer contribution rates adopted.

34 (7) The director of the department of retirement systems shall  
35 collect those rates adopted by the council.

36 **Sec. 426.** RCW 41.45.070 and 1998 c 340 s 10 and 1998 c 341 s 406  
37 are each reenacted and amended to read as follows:

1 (1) In addition to the basic employer contribution rate established  
2 in RCW 41.45.060, the department shall also charge employers of public  
3 employees' retirement system, teachers' retirement system, school  
4 employees' retirement system, or Washington state patrol retirement  
5 system members an additional supplemental rate to pay for the cost of  
6 additional benefits, if any, granted to members of those systems.  
7 Except as provided in subsections (6) and (7) of this section, the  
8 supplemental contribution rates required by this section shall be  
9 calculated by the state actuary and shall be charged regardless of  
10 language to the contrary contained in the statute which authorizes  
11 additional benefits.

12 (2) In addition to the basic state contribution rate established in  
13 RCW 41.45.060 for the law enforcement officers' and fire fighters'  
14 retirement system plan 2 the department shall also establish a  
15 supplemental rate to pay for the cost of additional benefits, if any,  
16 granted to members of the law enforcement officers' and fire fighters'  
17 retirement system plan 2. Except as provided in subsection (6) of this  
18 section, this supplemental rate shall be calculated by the state  
19 actuary and the state treasurer shall transfer the additional required  
20 contributions regardless of language to the contrary contained in the  
21 statute which authorizes the additional benefits.

22 (3) The supplemental rate charged under this section to fund  
23 benefit increases provided to active members of the public employees'  
24 retirement system plan 1, the teachers' retirement system plan 1, (~~the~~  
25 ~~law enforcement officers' and fire fighters' retirement system plan~~  
26 ~~1,7~~)) and Washington state patrol retirement system, shall be calculated  
27 as the level percentage of all members' pay needed to fund the cost of  
28 the benefit not later than June 30, 2024.

29 (4) The supplemental rate charged under this section to fund  
30 benefit increases provided to active and retired members of the public  
31 employees' retirement system plan 2, the teachers' retirement system  
32 plan 2 and plan 3, the school employees' retirement system plan 2 and  
33 plan 3, or the law enforcement officers' and fire fighters' retirement  
34 system plan 2, shall be calculated as the level percentage of all  
35 members' pay needed to fund the cost of the benefit, as calculated  
36 under RCW 41.40.650 or 41.26.450, respectively.

37 (5) The supplemental rate charged under this section to fund  
38 postretirement adjustments which are provided on a nonautomatic basis  
39 to current retirees shall be calculated as the percentage of pay needed

1 to fund the adjustments as they are paid to the retirees. The  
2 supplemental rate charged under this section to fund automatic  
3 postretirement adjustments for active or retired members of the public  
4 employees' retirement system plan 1 and the teachers' retirement system  
5 plan 1 shall be calculated as the level percentage of pay needed to  
6 fund the cost of the automatic adjustments not later than June 30,  
7 2024.

8 (6) A supplemental rate shall not be charged to pay for the cost of  
9 additional benefits granted to members pursuant to chapter 340, Laws of  
10 1998.

11 (7) A supplemental rate shall not be charged to pay for the cost of  
12 additional benefits granted to members pursuant to chapter 41.31A RCW;  
13 section 309, chapter 341, Laws of 1998; or section 701, chapter 341,  
14 Laws of 1998.

15 **Sec. 427.** RCW 41.45.070 and 2000 c 247 s 505 are each amended to  
16 read as follows:

17 (1) In addition to the basic employer contribution rate established  
18 in RCW 41.45.060, the department shall also charge employers of public  
19 employees' retirement system, teachers' retirement system, school  
20 employees' retirement system, or Washington state patrol retirement  
21 system members an additional supplemental rate to pay for the cost of  
22 additional benefits, if any, granted to members of those systems.  
23 Except as provided in subsections (6) and (7) of this section, the  
24 supplemental contribution rates required by this section shall be  
25 calculated by the state actuary and shall be charged regardless of  
26 language to the contrary contained in the statute which authorizes  
27 additional benefits.

28 (2) In addition to the basic state contribution rate established in  
29 RCW 41.45.060 for the law enforcement officers' and fire fighters'  
30 retirement system plan 2 the department shall also establish a  
31 supplemental rate to pay for the cost of additional benefits, if any,  
32 granted to members of the law enforcement officers' and fire fighters'  
33 retirement system plan 2. Except as provided in subsection (6) of this  
34 section, this supplemental rate shall be calculated by the state  
35 actuary and the state treasurer shall transfer the additional required  
36 contributions regardless of language to the contrary contained in the  
37 statute which authorizes the additional benefits.

1 (3) The supplemental rate charged under this section to fund  
2 benefit increases provided to active members of the public employees'  
3 retirement system plan 1, the teachers' retirement system plan 1, (~~the~~  
4 ~~law enforcement officers' and fire fighters' retirement system plan~~  
5 ~~1,7~~)) and Washington state patrol retirement system, shall be calculated  
6 as the level percentage of all members' pay needed to fund the cost of  
7 the benefit not later than June 30, 2024.

8 (4) The supplemental rate charged under this section to fund  
9 benefit increases provided to active and retired members of the public  
10 employees' retirement system plan 2 and plan 3, the teachers'  
11 retirement system plan 2 and plan 3, the school employees' retirement  
12 system plan 2 and plan 3, or the law enforcement officers' and fire  
13 fighters' retirement system plan 2, shall be calculated as the level  
14 percentage of all members' pay needed to fund the cost of the benefit,  
15 as calculated under RCW 41.45.060, 41.45.061, or 41.45.067.

16 (5) The supplemental rate charged under this section to fund  
17 postretirement adjustments which are provided on a nonautomatic basis  
18 to current retirees shall be calculated as the percentage of pay needed  
19 to fund the adjustments as they are paid to the retirees. The  
20 supplemental rate charged under this section to fund automatic  
21 postretirement adjustments for active or retired members of the public  
22 employees' retirement system plan 1 and the teachers' retirement system  
23 plan 1 shall be calculated as the level percentage of pay needed to  
24 fund the cost of the automatic adjustments not later than June 30,  
25 2024.

26 (6) A supplemental rate shall not be charged to pay for the cost of  
27 additional benefits granted to members pursuant to chapter 340, Laws of  
28 1998.

29 (7) A supplemental rate shall not be charged to pay for the cost of  
30 additional benefits granted to members pursuant to chapter 41.31A RCW;  
31 section 309, chapter 341, Laws of 1998; or section 701, chapter 341,  
32 Laws of 1998.

33 **Sec. 428.** RCW 41.48.030 and 1971 ex.s. c 257 s 19 are each amended  
34 to read as follows:

35 (1) The governor is hereby authorized to enter on behalf of the  
36 state into an agreement with the secretary of health, education, and  
37 welfare consistent with the terms and provisions of this chapter, for  
38 the purpose of extending the benefits of the federal old-age and

1 survivors insurance system to employees of the state or any political  
2 subdivision not members of an existing retirement system, or to members  
3 of a retirement system established by the state or by a political  
4 subdivision thereof or by an institution of higher learning with  
5 respect to services specified in such agreement which constitute  
6 "employment" as defined in RCW 41.48.020. Such agreement may contain  
7 such provisions relating to coverage, benefits, contributions,  
8 effective date, modification and termination of the agreement,  
9 administration, and other appropriate provisions as the governor and  
10 secretary of health, education, and welfare shall agree upon, but,  
11 except as may be otherwise required by or under the social security act  
12 as to the services to be covered, such agreement shall provide in  
13 effect that--

14 (a) Benefits will be provided for employees whose services are  
15 covered by the agreement (and their dependents and survivors) on the  
16 same basis as though such services constituted employment within the  
17 meaning of title II of the social security act;

18 (b) The state will pay to the secretary of the treasury, at such  
19 time or times as may be prescribed under the social security act,  
20 contributions with respect to wages (as defined in RCW 41.48.020),  
21 equal to the sum of the taxes which would be imposed by the federal  
22 insurance contributions act if the services covered by the agreement  
23 constituted employment within the meaning of that act;

24 (c) Such agreement shall be effective with respect to services in  
25 employment covered by the agreement or modification thereof performed  
26 after a date specified therein but in no event may it be effective with  
27 respect to any such services performed prior to the first day of the  
28 calendar year immediately preceding the calendar year in which such  
29 agreement or modification of the agreement is accepted by the secretary  
30 of health, education and welfare.

31 (d) All services which constitute employment as defined in RCW  
32 41.48.020 and are performed in the employ of the state by employees of  
33 the state, shall be covered by the agreement;

34 (e) All services which (i) constitute employment as defined in RCW  
35 41.48.020, (ii) are performed in the employ of a political subdivision  
36 of the state, and (iii) are covered by a plan which is in conformity  
37 with the terms of the agreement and has been approved by the governor  
38 under RCW 41.48.050, shall be covered by the agreement; and

1 (f) As modified, the agreement shall include all services described  
2 in either paragraph (d) or paragraph (e) of this subsection and  
3 performed by individuals to whom section 218(c)(3)(C) of the social  
4 security act is applicable, and shall provide that the service of any  
5 such individual shall continue to be covered by the agreement in case  
6 he thereafter becomes eligible to be a member of a retirement system;  
7 and

8 (g) As modified, the agreement shall include all services described  
9 in either paragraph (d) or paragraph (e) of this subsection and  
10 performed by individuals in positions covered by a retirement system  
11 with respect to which the governor has issued a certificate to the  
12 secretary of health, education, and welfare pursuant to subsection (5)  
13 of this section.

14 (h) Law enforcement officers and firemen of each political  
15 subdivision of this state who are covered by the Washington law  
16 enforcement officers' and fire fighters' retirement systems ((Act  
17 ~~chapter 209, Laws of 1969 ex. sess.~~)) under chapters 41.26 and 41.26A  
18 RCW as now in existence or hereafter amended shall constitute a  
19 separate "coverage group" for purposes of the agreement entered into  
20 under this section and for purposes of section 218 of the social  
21 security act. To the extent that the agreement between this state and  
22 the federal secretary of health, education, and welfare in existence on  
23 the date of adoption of this subsection is inconsistent with this  
24 subsection, the governor shall seek to modify the inconsistency.

25 (2) Any instrumentality jointly created by this state and any other  
26 state or states is hereby authorized, upon the granting of like  
27 authority by such other state or states, (a) to enter into an agreement  
28 with the secretary of health, education, and welfare whereby the  
29 benefits of the federal old-age and survivors insurance system shall be  
30 extended to employees of such instrumentality, (b) to require its  
31 employees to pay (and for that purpose to deduct from their wages)  
32 contributions equal to the amounts which they would be required to pay  
33 under RCW 41.48.040(1) if they were covered by an agreement made  
34 pursuant to subsection (1) of this section, and (c) to make payments to  
35 the secretary of the treasury in accordance with such agreement,  
36 including payments from its own funds, and otherwise to comply with  
37 such agreements. Such agreement shall, to the extent practicable, be  
38 consistent with the terms and provisions of subsection (1) and other  
39 provisions of this chapter.

1 (3) The governor is empowered to authorize a referendum, and to  
2 designate an agency or individual to supervise its conduct, in  
3 accordance with the requirements of section 218(d)(3) of the social  
4 security act, and subsection (4) of this section on the question of  
5 whether service in all positions covered by a retirement system  
6 established by the state or by a political subdivision thereof should  
7 be excluded from or included under an agreement under this chapter. If  
8 a retirement system covers positions of employees of the state of  
9 Washington, of the institutions of higher learning, and positions of  
10 employees of one or more of the political subdivisions of the state,  
11 then for the purpose of the referendum as provided herein, there may be  
12 deemed to be a separate retirement system with respect to employees of  
13 the state, or any one or more of the political subdivisions, or  
14 institutions of higher learning and the governor shall authorize a  
15 referendum upon request of the subdivisions' or institutions' of higher  
16 learning governing body: PROVIDED HOWEVER, That if a referendum of  
17 state employees generally fails to produce a favorable majority vote  
18 then the governor may authorize a referendum covering positions of  
19 employees in any state department who are compensated in whole or in  
20 part from grants made to this state under title III of the federal  
21 social security act: PROVIDED, That any city or town affiliated with  
22 the statewide city employees retirement system organized under chapter  
23 41.44 RCW may at its option agree to a plan submitted by the board of  
24 trustees of said statewide city employees retirement system for  
25 inclusion under an agreement under this chapter if the referendum to be  
26 held as provided herein indicates a favorable result: PROVIDED  
27 FURTHER, That the teachers' retirement system be considered one system  
28 for the purpose of the referendum except as applied to the several  
29 colleges of education. The notice of referendum required by section  
30 218(d)(3)(C) of the social security act to be given to employees shall  
31 contain or shall be accompanied by a statement, in such form and such  
32 detail as the agency or individual designated to supervise the  
33 referendum shall deem necessary and sufficient, to inform the employees  
34 of the rights which will accrue to them and their dependents and  
35 survivors, and the liabilities to which they will be subject, if their  
36 services are included under an agreement under this chapter.

37 (4) The governor, before authorizing a referendum, shall require  
38 the following conditions to be met:

1 (a) The referendum shall be by secret written ballot on the  
2 question of whether service in positions covered by such retirement  
3 system shall be excluded from or included under the agreement between  
4 the governor and the secretary of health, education, and welfare  
5 provided for in RCW 41.48.030(1);

6 (b) An opportunity to vote in such referendum shall be given and  
7 shall be limited to eligible employees;

8 (c) Not less than ninety days' notice of such referendum shall be  
9 given to all such employees;

10 (d) Such referendum shall be conducted under the supervision (of  
11 the governor or) of an agency or individual designated by the governor;

12 (e) The proposal for coverage shall be approved only if a majority  
13 of the eligible employees vote in favor of including services in such  
14 positions under the agreement;

15 (f) The state legislature, in the case of a referendum affecting  
16 the rights and liabilities of state employees covered under the state  
17 employees' retirement system and employees under the teachers'  
18 retirement system, and in all other cases the local legislative  
19 authority or governing body, shall have specifically approved the  
20 proposed plan and approved any necessary structural adjustment to the  
21 existing system to conform with the proposed plan.

22 (5) Upon receiving satisfactory evidence that with respect to any  
23 such referendum the conditions specified in subsection (4) of this  
24 section and section 218(d)(3) of the social security act have been met,  
25 the governor shall so certify to the secretary of health, education,  
26 and welfare.

27 (6) If the legislative body of any political subdivision of this  
28 state certifies to the governor that a referendum has been held under  
29 the terms of RCW 41.48.050(1)(i) and gives notice to the governor of  
30 termination of social security for any coverage group of the political  
31 subdivision, the governor shall give two years advance notice in  
32 writing to the federal department of health, education, and welfare of  
33 such termination of the agreement entered into under this section with  
34 respect to said coverage group.

35 **Sec. 429.** RCW 41.48.050 and 1981 c 119 s 1 are each amended to  
36 read as follows:

37 (1) Each political subdivision of the state is hereby authorized to  
38 submit for approval by the governor a plan for extending the benefits



1 of title II of the social security act, in conformity with the  
2 applicable provisions of such act, to those employees of such political  
3 subdivisions who are not covered by an existing pension or retirement  
4 system. Each pension or retirement system established by the state or  
5 a political subdivision thereof is hereby authorized to submit for  
6 approval by the governor a plan for extending the benefits of title II  
7 of the social security act, in conformity with applicable provisions of  
8 such act, to members of such pension or retirement system. Each such  
9 plan and any amendment thereof shall be approved by the governor if he  
10 finds that such plan, or such plan as amended, is in conformity with  
11 such requirements as are provided in regulations of the governor,  
12 except that no such plan shall be approved unless--

13 (a) It is in conformity with the requirements of the social  
14 security act and with the agreement entered into under RCW 41.48.030;

15 (b) It provides that all services which constitute employment as  
16 defined in RCW 41.48.020 and are performed in the employ of the  
17 political subdivision by employees thereof, shall be covered by the  
18 plan;

19 (c) It specifies the source or sources from which the funds  
20 necessary to make the payments required by paragraph (a) of subsection  
21 (3) and by subsection (4) of this section are expected to be derived  
22 and contains reasonable assurance that such sources will be adequate  
23 for such purposes;

24 (d) It provides that in the plan of coverage for members of the  
25 state teachers' retirement system or for state employee members of the  
26 state employees' retirement system, there shall be no additional cost  
27 to or involvement of the state until such plan has received prior  
28 approval by the legislature;

29 (e) It provides for such methods of administration of the plan by  
30 the political subdivision as are found by the governor to be necessary  
31 for the proper and efficient administration of the plan;

32 (f) It provides that the political subdivision will make such  
33 reports, in such form and containing such information, as the governor  
34 may from time to time require and comply with such provisions as the  
35 governor or the secretary of health, education, and welfare may from  
36 time to time find necessary to assure the correctness and verification  
37 of such reports; and

38 (g) It authorizes the governor to terminate the plan in its  
39 entirety, in his discretion, if he finds that there has been a failure

1 to comply substantially with any provision contained in such plan, such  
2 termination to take effect at the expiration of such notice and on such  
3 conditions as may be provided by regulations of the governor and may be  
4 consistent with the provisions of the social security act.

5 (h) It provides that law enforcement officers and fire fighters of  
6 each political subdivision of this state who are covered by the  
7 Washington law enforcement officers' and fire fighters' retirement  
8 systems (~~(Act (chapter 209, Laws of 1969 ex. sess.))~~) under chapters  
9 41.26 and 41.26A RCW as now in existence or hereafter amended shall  
10 constitute a separate "coverage group" for purposes of the plan or  
11 agreement entered into under this section and for purposes of section  
12 216 of the social security act. To the extent that the plan or  
13 agreement entered into between the state and any political subdivision  
14 of this state is inconsistent with this subsection, the governor shall  
15 seek to modify the inconsistency.

16 (i) It provides that the plan or agreement may be terminated by any  
17 political subdivision as to any such coverage group upon giving at  
18 least two years advance notice in writing to the governor, effective at  
19 the end of the calendar quarter specified in the notice. It shall  
20 specify that before notice of such termination is given, a referendum  
21 shall be held among the members of the coverage group under the  
22 following conditions:

23 (i) The referendum shall be conducted under the supervision of the  
24 legislative body of the political subdivision.

25 (ii) Not less than sixty days' notice of such referendum shall be  
26 given to members of the coverage group.

27 (iii) An opportunity to vote by secret ballot in such referendum  
28 shall be given and shall be limited to all members of the coverage  
29 group.

30 (iv) The proposal for termination shall be approved only if a  
31 majority of the coverage group vote in favor of termination.

32 (v) If a majority of the coverage group vote in favor of  
33 termination, the legislative body of the political subdivision shall  
34 certify the results of the referendum to the governor and give notice  
35 of termination of such coverage group.

36 (2) The governor shall not finally refuse to approve a plan  
37 submitted by a political subdivision under subsection (1), and shall  
38 not terminate an approved plan, without reasonable notice and  
39 opportunity for hearing to the political subdivision affected thereby.

1 (3)(a) Each political subdivision as to which a plan has been  
2 approved under this section shall pay into the contribution ((fund))  
3 account, with respect to wages (as defined in RCW 41.48.020), at such  
4 time or times as the governor may by regulation prescribe,  
5 contributions in the amounts and at the rates specified in the  
6 applicable agreement entered into by the governor under RCW 41.48.030.

7 (b) Each political subdivision required to make payments under  
8 paragraph (a) of this subsection is authorized, in consideration of the  
9 employee's retention in, or entry upon, employment after enactment of  
10 this chapter, to impose upon each of its employees, as to services  
11 which are covered by an approved plan, a contribution with respect to  
12 his wages (as defined in RCW 41.48.020), not exceeding the amount of  
13 employee tax which is imposed by the federal insurance contributions  
14 act, and to deduct the amount of such contribution from his wages as  
15 and when paid. Contributions so collected shall be paid into the OASI  
16 contribution ((fund)) account in partial discharge of the liability of  
17 such political subdivision or instrumentality under paragraph (a) of  
18 this subsection. Failure to deduct such contribution shall not relieve  
19 the employee or employer of liability therefor.

20 (4) Delinquent reports and payments due under paragraph (f) of  
21 subsection (1) and paragraph (a) of subsection (3) of this section will  
22 be subject to an added interest charge of six percent per year or, if  
23 higher, the rate chargeable to the state by the secretary by virtue of  
24 federal law, if the late report or payment contributes to any federal  
25 penalty for late filing of reports or for late deposit of  
26 contributions. Delinquent contributions, interest and penalties may be  
27 recovered by civil action or may, at the request of the governor, be  
28 deducted from any other moneys payable to the political subdivision by  
29 any department or agency of the state.

30 **Sec. 430.** RCW 41.50.030 and 1998 c 341 s 501 are each amended to  
31 read as follows:

32 (1) As soon as possible but not more than one hundred and eighty  
33 days after March 19, 1976, there is transferred to the department of  
34 retirement systems, except as otherwise provided in this chapter, all  
35 powers, duties, and functions of:

- 36 (a) The Washington public employees' retirement system;
- 37 (b) The Washington state teachers' retirement system;

1 (c) The Washington law enforcement officers' and fire fighters'  
2 retirement system;

3 (d) The Washington state patrol retirement system;

4 (e) The Washington judicial retirement system; and

5 (f) The state treasurer with respect to the administration of the  
6 judges' retirement fund imposed pursuant to chapter 2.12 RCW.

7 (2) On July 1, 1996, there is transferred to the department all  
8 powers, duties, and functions of the deferred compensation committee.

9 (3) The department shall administer chapter 41.34 RCW.

10 (4) The department shall administer the Washington school  
11 employees' retirement system created under chapter 41.35 RCW.

12 (5) The department shall administer the restated law enforcement  
13 officers' and fire fighters' retirement system under chapter 41.26A  
14 RCW.

15 **Sec. 431.** RCW 41.50.055 and 1991 c 35 s 16 are each amended to  
16 read as follows:

17 The administration of the Washington law enforcement officers' and  
18 fire fighters' retirement systems ~~((is))~~ under chapters 41.26 and  
19 41.26A RCW are hereby vested in the director of retirement systems, and  
20 the director shall:

21 (1) Keep in convenient form such data as shall be deemed necessary  
22 for actuarial evaluation purposes;

23 (2) As of March 1, 1970, and at least every two years thereafter,  
24 through the state actuary, make an actuarial valuation as to the  
25 mortality and service experience of the beneficiaries under this  
26 chapter and the various accounts created for the purpose of showing the  
27 financial status of the retirement fund;

28 (3) Adopt for the Washington law enforcement officers' and fire  
29 fighters' retirement systems the mortality tables and such other tables  
30 as shall be deemed necessary;

31 (4) Keep a record of all its proceedings, which shall be open to  
32 inspection by the public;

33 (5) From time to time adopt such rules and regulations not  
34 inconsistent with chapters 41.26 and 41.26A RCW, for the administration  
35 of the provisions of this chapter, for the administration of the funds  
36 created by this chapter and chapter 41.26A RCW and the several accounts  
37 thereof, and for the transaction of the business of the system;

1 (6) Prepare and publish annually a financial statement showing the  
2 condition of the Washington law enforcement officers' and fire  
3 fighters' funds and the various accounts thereof, and setting forth  
4 such other facts, recommendations and data as may be of use in the  
5 advancement of knowledge concerning the Washington law enforcement  
6 officers' and fire fighters' retirement systems, and furnish a copy  
7 thereof to each employer, and to such members as may request copies  
8 thereof;

9 (7) Perform such other functions as are required for the execution  
10 of the provisions of chapters 41.26 and 41.26A RCW;

11 (8) Fix the amount of interest to be credited at a rate which shall  
12 be based upon the net annual earnings of the Washington law enforcement  
13 officers' and fire fighters' funds for the preceding twelve-month  
14 period and from time to time make any necessary changes in such rate;

15 (9) Pay from the department of retirement systems expense fund the  
16 expenses incurred in administration of the Washington law enforcement  
17 officers' and fire fighters' retirement systems from those funds  
18 appropriated for that purpose;

19 (10) Perform any other duties prescribed elsewhere in chapter 41.26  
20 or 41.26A RCW;

21 (11) Issue decisions relating to appeals initiated pursuant to RCW  
22 41.16.145 and 41.18.104 as now or hereafter amended and shall be  
23 authorized to order increased benefits pursuant to RCW 41.16.145 and  
24 41.18.104 as now or hereafter amended.

25 **Sec. 432.** RCW 41.50.075 and 1998 c 341 s 503 are each amended to  
26 read as follows:

27 (1) ~~((Two funds are))~~ A fund is hereby created and established in  
28 the state treasury to be known as ~~((the Washington law enforcement  
29 officers' and fire fighters' system plan 1 retirement fund, and))~~ the  
30 Washington law enforcement officers' and fire fighters' system plan 2  
31 retirement fund which shall consist of all moneys paid into ~~((them))~~  
32 the fund in accordance with the provisions of this chapter and chapter  
33 41.26 RCW, whether such moneys take the form of cash, securities, or  
34 other assets. The ~~((plan 1 fund shall consist of all moneys paid to  
35 finance the benefits provided to members of the law enforcement  
36 officers' and fire fighters' retirement system plan 1, and the))~~ plan  
37 2 fund shall consist of all moneys paid to finance the benefits

1 provided to members of the law enforcement officers' and fire fighters'  
2 retirement system plan 2.

3 (2) All of the assets of the Washington state teachers' retirement  
4 system shall be credited according to the purposes for which they are  
5 held, to two funds to be maintained in the state treasury, namely, the  
6 teachers' retirement system plan 1 fund and the teachers' retirement  
7 system combined plan 2 and 3 fund. The plan 1 fund shall consist of  
8 all moneys paid to finance the benefits provided to members of the  
9 Washington state teachers' retirement system plan 1, and the combined  
10 plan 2 and 3 fund shall consist of all moneys paid to finance the  
11 benefits provided to members of the Washington state teachers'  
12 retirement system plan 2 and 3.

13 (3) There is hereby established in the state treasury two separate  
14 funds, namely the public employees' retirement system plan 1 fund and  
15 the public employees' retirement system plan 2 fund. The plan 1 fund  
16 shall consist of all moneys paid to finance the benefits provided to  
17 members of the public employees' retirement system plan 1, and the plan  
18 2 fund shall consist of all moneys paid to finance the benefits  
19 provided to members of the public employees' retirement system plan 2.

20 (4) There is hereby established in the state treasury the school  
21 employees' retirement system combined plan 2 and 3 fund. The combined  
22 plan 2 and 3 fund shall consist of all moneys paid to finance the  
23 benefits provided to members of the school employees' retirement system  
24 plan 2 and plan 3.

25 **Sec. 433.** RCW 41.50.075 and 2000 c 247 s 601 are each amended to  
26 read as follows:

27 (1) ~~((Two funds are))~~ A fund is hereby created and established in  
28 the state treasury to be known as ~~((the Washington law enforcement  
29 officers' and fire fighters' system plan 1 retirement fund, and))~~ the  
30 Washington law enforcement officers' and fire fighters' system plan 2  
31 retirement fund which shall consist of all moneys paid into ~~((them))~~  
32 the fund in accordance with the provisions of this chapter and chapter  
33 41.26 RCW, whether such moneys take the form of cash, securities, or  
34 other assets. The ~~((plan 1 fund shall consist of all moneys paid to  
35 finance the benefits provided to members of the law enforcement  
36 officers' and fire fighters' retirement system plan 1, and the))~~ plan  
37 2 fund shall consist of all moneys paid to finance the benefits

1 provided to members of the law enforcement officers' and fire fighters'  
2 retirement system plan 2.

3 (2) All of the assets of the Washington state teachers' retirement  
4 system shall be credited according to the purposes for which they are  
5 held, to two funds to be maintained in the state treasury, namely, the  
6 teachers' retirement system plan 1 fund and the teachers' retirement  
7 system combined plan 2 and 3 fund. The plan 1 fund shall consist of  
8 all moneys paid to finance the benefits provided to members of the  
9 Washington state teachers' retirement system plan 1, and the combined  
10 plan 2 and 3 fund shall consist of all moneys paid to finance the  
11 benefits provided to members of the Washington state teachers'  
12 retirement system plan 2 and 3.

13 (3) There is hereby established in the state treasury two separate  
14 funds, namely the public employees' retirement system plan 1 fund and  
15 the public employees' retirement system combined plan 2 and plan 3  
16 fund. The plan 1 fund shall consist of all moneys paid to finance the  
17 benefits provided to members of the public employees' retirement system  
18 plan 1, and the combined plan 2 and plan 3 fund shall consist of all  
19 moneys paid to finance the benefits provided to members of the public  
20 employees' retirement system plans 2 and 3.

21 (4) There is hereby established in the state treasury the school  
22 employees' retirement system combined plan 2 and 3 fund. The combined  
23 plan 2 and 3 fund shall consist of all moneys paid to finance the  
24 benefits provided to members of the school employees' retirement system  
25 plan 2 and plan 3.

26 (5) The department shall administer the funds established under the  
27 restated law enforcement officers' and fire fighters' retirement system  
28 under chapter 41.26A RCW, including:

29 (a) The restated law enforcement officers' and fire fighters'  
30 defined benefit retirement fund; and

31 (b) The state surplus assets reserve fund.

32 **Sec. 434.** RCW 41.50.080 and 1998 c 341 s 504 are each amended to  
33 read as follows:

34 The state investment board shall provide for the investment of all  
35 funds of the Washington public employees' retirement system, the  
36 teachers' retirement system, the school employees' retirement system,  
37 the Washington law enforcement officers' and fire fighters' retirement  
38 systems under chapters 41.26 and 41.26A RCW, the Washington state

1 patrol retirement system, the Washington judicial retirement system,  
2 and the judges' retirement fund, pursuant to RCW 43.84.150, and may  
3 sell or exchange investments acquired in the exercise of that  
4 authority.

5 **Sec. 435.** RCW 41.50.090 and 1985 c 102 s 6 are each amended to  
6 read as follows:

7 (1) Except as otherwise provided in this section, on the effective  
8 date of transfer as provided in RCW 41.50.030, the department shall  
9 succeed to and is vested with all powers, duties, and functions now or  
10 by any concurrent act of this 1976 legislature vested in the individual  
11 retirement boards set forth in RCW 41.50.030 relating to the  
12 administration of their various retirement systems, including but not  
13 limited to the power to appoint a staff and define the duties thereof:  
14 PROVIDED, That actuarial services required by the department shall be  
15 performed by the state actuary as provided in RCW 44.44.040.

16 (2) The department shall keep each retirement board fully informed  
17 on the administration of the corresponding retirement system, and shall  
18 furnish any information requested by a retirement board.

19 (3) Rules proposed by the director under RCW 2.10.070, 41.50.055,  
20 41.32.025, or 41.40.020 shall be submitted to the appropriate  
21 retirement boards for review prior to adoption. After receiving  
22 approval of the members of the appropriate board, such rules shall  
23 become effective as provided by the administrative procedure act,  
24 chapter 34.05 RCW.

25 (4) Each retirement board shall continue to perform all functions  
26 as are vested in it by law with respect to applications for benefits  
27 paid upon either temporary or permanent disability, with such staff  
28 assistance from the department as may be required. The director shall  
29 perform those functions with respect to disability benefits as are  
30 vested in him or her by ((RCW 41.26.120, 41.26.125, and 41.26.200))  
31 chapter 41.26A RCW.

32 **Sec. 436.** RCW 41.50.110 and 1998 c 341 s 508 are each amended to  
33 read as follows:

34 (1) Except as provided by RCW 41.50.255 and subsection (6) of this  
35 section, all expenses of the administration of the department and the  
36 expenses of administration of the retirement systems created in  
37 chapters 2.10, 2.12, 41.26, 41.26A, 41.32, 41.40, 41.34, 41.35, and



1 43.43 RCW shall be paid from the department of retirement systems  
2 expense fund.

3 (2) In order to reimburse the department of retirement systems  
4 expense fund on an equitable basis the department shall ascertain and  
5 report to each employer, as defined in RCW 41.26.030, section 202 of  
6 this act, 41.32.010, 41.35.010, or 41.40.010, the sum necessary to  
7 defray its proportional share of the entire expense of the  
8 administration of the retirement system that the employer participates  
9 in during the ensuing biennium or fiscal year whichever may be  
10 required. Such sum is to be computed in an amount directly  
11 proportional to the estimated entire expense of the administration as  
12 the ratio of monthly salaries of the employer's members bears to the  
13 total salaries of all members in the entire system. It shall then be  
14 the duty of all such employers to include in their budgets or otherwise  
15 provide the amounts so required.

16 (3) The department shall compute and bill each employer, as defined  
17 in RCW 41.26.030, section 202 of this act, 41.32.010, 41.35.010, or  
18 41.40.010, at the end of each month for the amount due for that month  
19 to the department of retirement systems expense fund and the same shall  
20 be paid as are its other obligations. Such computation as to each  
21 employer shall be made on a percentage rate of salary established by  
22 the department. However, the department may at its discretion  
23 establish a system of billing based upon calendar year quarters in  
24 which event the said billing shall be at the end of each such quarter.

25 (4) The director may adjust the expense fund contribution rate for  
26 each system at any time when necessary to reflect unanticipated costs  
27 or savings in administering the department.

28 (5) An employer who fails to submit timely and accurate reports to  
29 the department may be assessed an additional fee related to the  
30 increased costs incurred by the department in processing the deficient  
31 reports. Fees paid under this subsection shall be deposited in the  
32 retirement system expense fund.

33 (a) Every six months the department shall determine the amount of  
34 an employer's fee by reviewing the timeliness and accuracy of the  
35 reports submitted by the employer in the preceding six months. If  
36 those reports were not both timely and accurate the department may  
37 prospectively assess an additional fee under this subsection.

38 (b) An additional fee assessed by the department under this  
39 subsection shall not exceed fifty percent of the standard fee.

1 (c) The department shall adopt rules implementing this section.

2 (6) Expenses other than those under RCW 41.34.060(~~(+2)~~) (3) shall  
3 be paid pursuant to subsection (1) of this section.

4 **Sec. 437.** RCW 41.50.112 and 2000 c 247 s 1107 are each amended to  
5 read as follows:

6 Employers, as defined in RCW 41.26.030, section 202 of this act,  
7 41.32.010, 41.34.020, 41.35.010, and 41.40.010, must report all member  
8 data to the department in a format designed and communicated by the  
9 department. Employers failing to comply with this reporting  
10 requirement shall be assessed an additional fee as defined under RCW  
11 41.50.110(5).

12 **Sec. 438.** RCW 41.50.150 and 1998 c 341 s 509 are each amended to  
13 read as follows:

14 (1) The employer of any employee whose retirement benefits are  
15 based in part on excess compensation, as defined in this section,  
16 shall, upon receipt of a billing from the department, pay into the  
17 appropriate retirement system the present value at the time of the  
18 employee's retirement of the total estimated cost of all present and  
19 future benefits from the retirement system attributable to the excess  
20 compensation. The state actuary shall determine the estimated cost  
21 using the same method and procedure as is used in preparing fiscal note  
22 costs for the legislature. However, the director may in the director's  
23 discretion decline to bill the employer if the amount due is less than  
24 fifty dollars. Accounts unsettled within thirty days of the receipt of  
25 the billing shall be assessed an interest penalty of one percent of the  
26 amount due for each month or fraction thereof beyond the original  
27 thirty-day period.

28 (2) "Excess compensation," as used in this section, includes the  
29 following payments, if used in the calculation of the employee's  
30 retirement allowance:

31 (a) A cash out of unused annual leave in excess of two hundred  
32 forty hours of such leave. "Cash out" for purposes of this subsection  
33 means:

34 (i) Any payment in lieu of an accrual of annual leave; or

35 (ii) Any payment added to salary or wages, concurrent with a  
36 reduction of annual leave;

37 (b) A cash out of any other form of leave;

1 (c) A payment for, or in lieu of, any personal expense or  
2 transportation allowance to the extent that payment qualifies as  
3 reportable compensation in the member's retirement system;

4 (d) The portion of any payment, including overtime payments, that  
5 exceeds twice the regular daily or hourly rate of pay; and

6 (e) Any termination or severance payment.

7 (3) This section applies to the retirement systems listed in RCW  
8 41.50.030 and to retirements occurring on or after March 15, 1984.  
9 Nothing in this section is intended to amend or determine the meaning  
10 of any definition in chapter 2.10, 2.12, 41.26, 41.26A, 41.32, 41.40,  
11 41.35, or 43.43 RCW or to determine in any manner what payments are  
12 includable in the calculation of a retirement allowance under such  
13 chapters.

14 (4) An employer is not relieved of liability under this section  
15 because of the death of any person either before or after the billing  
16 from the department.

17 **Sec. 439.** RCW 41.50.255 and 1998 c 341 s 511 are each amended to  
18 read as follows:

19 The director is authorized to pay from the interest earnings of the  
20 trust funds of the public employees' retirement system, the teachers'  
21 retirement system, the Washington state patrol retirement system, the  
22 Washington judicial retirement system, the judges' retirement system,  
23 the school district employees' retirement system, or the law  
24 enforcement officers' and fire fighters' retirement systems under  
25 chapter 41.26 and 41.26A RCW lawful obligations of the appropriate  
26 system for legal expenses and medical expenses which expenses are  
27 primarily incurred for the purpose of protecting the appropriate trust  
28 fund or are incurred in compliance with statutes governing such funds.

29 The term "legal expense" includes, but is not limited to, legal  
30 services provided through the legal services revolving fund, fees for  
31 expert witnesses, travel expenses, fees for court reporters, cost of  
32 transcript preparation, and reproduction of documents.

33 The term "medical costs" includes, but is not limited to, expenses  
34 for the medical examination or reexamination of members or retirees,  
35 the costs of preparation of medical reports, and fees charged by  
36 medical professionals for attendance at discovery proceedings or  
37 hearings.

1       The director may also pay from the interest earnings of the trust  
2 funds specified in this section costs incurred in investigating fraud  
3 and collecting overpayments, including expenses incurred to review and  
4 investigate cases of possible fraud against the trust funds and  
5 collection agency fees and other costs incurred in recovering  
6 overpayments. Recovered funds must be returned to the appropriate  
7 trust funds.

8       **Sec. 440.** RCW 41.50.500 and 1998 c 341 s 512 are each amended to  
9 read as follows:

10       Unless the context clearly requires otherwise, the definitions in  
11 this section apply throughout RCW 41.50.500 through 41.50.650,  
12 41.50.670 through 41.50.720, and 26.09.138.

13       (1) "Benefits" means periodic retirement payments or a withdrawal  
14 of accumulated contributions.

15       (2) "Disposable benefits" means that part of the benefits of an  
16 individual remaining after the deduction from those benefits of any  
17 amount required by law to be withheld. The term "required by law to be  
18 withheld" does not include any deduction elective to the member.

19       (3) "Dissolution order" means any judgment, decree, or order of  
20 spousal maintenance, property division, or court-approved property  
21 settlement incident to a decree of divorce, dissolution, invalidity, or  
22 legal separation issued by the superior court of the state of  
23 Washington or a judgment, decree, or other order of spousal support  
24 issued by a court of competent jurisdiction in another state or  
25 country, that has been registered or otherwise made enforceable in this  
26 state.

27       (4) "Mandatory benefits assignment order" means an order issued to  
28 the department of retirement systems pursuant to RCW 41.50.570 to  
29 withhold and deliver benefits payable to an obligor under chapter 2.10,  
30 2.12, 41.26, 41.26A, 41.32, 41.40, 41.35, or 43.43 RCW.

31       (5) "Obligee" means an ex spouse or spouse to whom a duty of  
32 spousal maintenance or property division obligation is owed.

33       (6) "Obligor" means the spouse or ex spouse owing a duty of spousal  
34 maintenance or a property division obligation.

35       (7) "Periodic retirement payments" means periodic payments of  
36 retirement allowances, including but not limited to service retirement  
37 allowances, disability retirement allowances, and survivors'

1 allowances. The term does not include a withdrawal of accumulated  
2 contributions.

3 (8) "Property division obligation" means any outstanding court-  
4 ordered property division or court-approved property settlement  
5 obligation incident to a decree of divorce, dissolution, or legal  
6 separation.

7 (9) "Standard allowance" means a benefit payment option selected  
8 under RCW 2.10.146(1)(a), 41.26.460(1)(a), 41.32.785(1)(a),  
9 41.40.188(1)(a), 41.40.660(1), or 41.35.220 that ceases upon the death  
10 of the retiree. Standard allowance also means the benefit allowance  
11 provided under RCW 2.10.110, 2.10.130, 43.43.260, (~~41.26.100,~~  
12 ~~41.26.130(1)(a)~~) section 217 of this act, section 222(1)(a) of this  
13 act, or chapter 2.12 RCW. Standard allowance also means the maximum  
14 retirement allowance available under RCW 41.32.530(1) following member  
15 withdrawal of accumulated contributions, if any.

16 (10) "Withdrawal of accumulated contributions" means a lump sum  
17 payment to a retirement system member of all or a part of the member's  
18 accumulated contributions, including accrued interest, at the request  
19 of the member including any lump sum amount paid upon the death of the  
20 member.

21 **Sec. 441.** RCW 41.50.500 and 2000 c 247 s 603 are each amended to  
22 read as follows:

23 Unless the context clearly requires otherwise, the definitions in  
24 this section apply throughout RCW 41.50.500 through 41.50.650,  
25 41.50.670 through 41.50.720, and 26.09.138.

26 (1) "Benefits" means periodic retirement payments or a withdrawal  
27 of accumulated contributions.

28 (2) "Disposable benefits" means that part of the benefits of an  
29 individual remaining after the deduction from those benefits of any  
30 amount required by law to be withheld. The term "required by law to be  
31 withheld" does not include any deduction elective to the member.

32 (3) "Dissolution order" means any judgment, decree, or order of  
33 spousal maintenance, property division, or court-approved property  
34 settlement incident to a decree of divorce, dissolution, invalidity, or  
35 legal separation issued by the superior court of the state of  
36 Washington or a judgment, decree, or other order of spousal support  
37 issued by a court of competent jurisdiction in another state or

1 country, that has been registered or otherwise made enforceable in this  
2 state.

3 (4) "Mandatory benefits assignment order" means an order issued to  
4 the department of retirement systems pursuant to RCW 41.50.570 to  
5 withhold and deliver benefits payable to an obligor under chapter 2.10,  
6 2.12, 41.26, 41.26A, 41.32, 41.40, 41.35, or 43.43 RCW.

7 (5) "Obligee" means an ex spouse or spouse to whom a duty of  
8 spousal maintenance or property division obligation is owed.

9 (6) "Obligor" means the spouse or ex spouse owing a duty of spousal  
10 maintenance or a property division obligation.

11 (7) "Periodic retirement payments" means periodic payments of  
12 retirement allowances, including but not limited to service retirement  
13 allowances, disability retirement allowances, and survivors'  
14 allowances. The term does not include a withdrawal of accumulated  
15 contributions.

16 (8) "Property division obligation" means any outstanding court-  
17 ordered property division or court-approved property settlement  
18 obligation incident to a decree of divorce, dissolution, or legal  
19 separation.

20 (9) "Standard allowance" means a benefit payment option selected  
21 under RCW 2.10.146(1)(a), 41.26.460(1)(a), 41.32.785(1)(a),  
22 41.40.188(1)(a), 41.40.660(1), 41.40.845(1)(a), or 41.35.220 that  
23 ceases upon the death of the retiree. Standard allowance also means  
24 the benefit allowance provided under RCW 2.10.110, 2.10.130, 43.43.260,  
25 ~~((41.26.100, 41.26.130(1)(a)))~~ section 217 of this act, section  
26 222(1)(a) of this act, or chapter 2.12 RCW. Standard allowance also  
27 means the maximum retirement allowance available under RCW 41.32.530(1)  
28 following member withdrawal of accumulated contributions, if any.

29 (10) "Withdrawal of accumulated contributions" means a lump sum  
30 payment to a retirement system member of all or a part of the member's  
31 accumulated contributions, including accrued interest, at the request  
32 of the member including any lump sum amount paid upon the death of the  
33 member.

34 **Sec. 442.** RCW 41.50.670 and 1998 c 341 s 513 are each amended to  
35 read as follows:

36 (1) Nothing in this chapter regarding mandatory assignment of  
37 benefits to enforce a spousal maintenance obligation shall abridge the  
38 right of an obligee to direct payments of retirement benefits to

1 satisfy a property division obligation ordered pursuant to a court  
2 decree of dissolution or legal separation or any court order or court-  
3 approved property settlement agreement incident to any court decree of  
4 dissolution or legal separation as provided in RCW 2.10.180, 2.12.090,  
5 41.04.310, 41.04.320, 41.04.330, 41.26.053, section 209 of this act,  
6 41.32.052, 41.35.100, 41.34.070(~~((3+))~~) (4), 41.40.052, 43.43.310, or  
7 26.09.138, as those statutes existed before July 1, 1987, and as those  
8 statutes exist on and after July 28, 1991. The department shall pay  
9 benefits under this chapter in a lump sum or as a portion of periodic  
10 retirement payments as expressly provided by the dissolution order. A  
11 dissolution order may not order the department to pay a periodic  
12 retirement payment or lump sum unless that payment is specifically  
13 authorized under the provisions of chapter 2.10, 2.12, 41.26, 41.26A,  
14 41.32, 41.35, 41.34, 41.40, or 43.43 RCW, as applicable.

15 (2) The department shall pay directly to an obligee the amount of  
16 periodic retirement payments or lump sum payment, as appropriate,  
17 specified in the dissolution order if the dissolution order filed with  
18 the department pursuant to subsection (1) of this section includes a  
19 provision that states in the following form:

20 If . . . . . (the obligor) receives periodic retirement payments  
21 as defined in RCW 41.50.500, the department of retirement systems shall  
22 pay to . . . . . (the obligee) . . . . . dollars from such payments  
23 or . . . percent of such payments. If the obligor's debt is expressed  
24 as a percentage of his or her periodic retirement payment and the  
25 obligee does not have a survivorship interest in the obligor's benefit,  
26 the amount received by the obligee shall be the percentage of the  
27 periodic retirement payment that the obligor would have received had he  
28 or she selected a standard allowance.

29 If . . . . . (the obligor) requests or has requested a withdrawal  
30 of accumulated contributions as defined in RCW 41.50.500, or becomes  
31 eligible for a lump sum death benefit, the department of retirement  
32 systems shall pay to . . . . . (the obligee) . . . . . dollars plus  
33 interest at the rate paid by the department of retirement systems on  
34 member contributions. Such interest to accrue from the date of this  
35 order's entry with the court of record.

36 (3) This section does not require a member to select a standard  
37 allowance upon retirement nor does it require the department to  
38 recalculate the amount of a retiree's periodic retirement payment based  
39 on a change in survivor option.

1 (4) A court order under this section may not order the department  
2 to pay more than seventy-five percent of an obligor's periodic  
3 retirement payment to an obligee.

4 (5) Persons whose court decrees were entered between July 1, 1987,  
5 and July 28, 1991, shall also be entitled to receive direct payments of  
6 retirement benefits to satisfy court-ordered property divisions if the  
7 dissolution orders comply or are modified to comply with this section  
8 and RCW 41.50.680 through 41.50.720 and, as applicable, RCW 2.10.180,  
9 2.12.090, 41.26.053, section 209 of this act, 41.32.052, 41.35.100,  
10 41.34.070, 41.40.052, 43.43.310, and 26.09.138.

11 (6) The obligee must file a copy of the dissolution order with the  
12 department within ninety days of that order's entry with the court of  
13 record.

14 (7) A division of benefits pursuant to a dissolution order under  
15 this section shall be based upon the obligor's gross benefit prior to  
16 any deductions. If the department is required to withhold a portion of  
17 the member's benefit pursuant to 26 U.S.C. Sec. 3402 and the sum of  
18 that amount plus the amount owed to the obligee exceeds the total  
19 benefit, the department shall satisfy the withholding requirements  
20 under 26 U.S.C. Sec. 3402 and then pay the remainder to the obligee.  
21 The provisions of this subsection do not apply to amounts withheld  
22 pursuant to 26 U.S.C. Sec. 3402(i).

23 **Sec. 443.** RCW 41.56.030 and 2000 c 23 s 1 and 2000 c 19 s 1 are  
24 each reenacted and amended to read as follows:

25 As used in this chapter:

26 (1) "Public employer" means any officer, board, commission,  
27 council, or other person or body acting on behalf of any public body  
28 governed by this chapter, or any subdivision of such public body. For  
29 the purposes of this section, the public employer of district court or  
30 superior court employees for wage-related matters is the respective  
31 county legislative authority, or person or body acting on behalf of the  
32 legislative authority, and the public employer for nonwage-related  
33 matters is the judge or judge's designee of the respective district  
34 court or superior court.

35 (2) "Public employee" means any employee of a public employer  
36 except any person (a) elected by popular vote, or (b) appointed to  
37 office pursuant to statute, ordinance or resolution for a specified  
38 term of office as a member of a multimember board, commission, or



1 committee, whether appointed by the executive head or body of the  
2 public employer, or (c) whose duties as deputy, administrative  
3 assistant or secretary necessarily imply a confidential relationship to  
4 (i) the executive head or body of the applicable bargaining unit, or  
5 (ii) any person elected by popular vote, or (iii) any person appointed  
6 to office pursuant to statute, ordinance or resolution for a specified  
7 term of office as a member of a multimember board, commission, or  
8 committee, whether appointed by the executive head or body of the  
9 public employer, or (d) who is a court commissioner or a court  
10 magistrate of superior court, district court, or a department of a  
11 district court organized under chapter 3.46 RCW, or (e) who is a  
12 personal assistant to a district court judge, superior court judge, or  
13 court commissioner, or (f) excluded from a bargaining unit under RCW  
14 41.56.201(2)(a). For the purpose of (e) of this subsection, no more  
15 than one assistant for each judge or commissioner may be excluded from  
16 a bargaining unit.

17 (3) "Bargaining representative" means any lawful organization which  
18 has as one of its primary purposes the representation of employees in  
19 their employment relations with employers.

20 (4) "Collective bargaining" means the performance of the mutual  
21 obligations of the public employer and the exclusive bargaining  
22 representative to meet at reasonable times, to confer and negotiate in  
23 good faith, and to execute a written agreement with respect to  
24 grievance procedures and collective negotiations on personnel matters,  
25 including wages, hours and working conditions, which may be peculiar to  
26 an appropriate bargaining unit of such public employer, except that by  
27 such obligation neither party shall be compelled to agree to a proposal  
28 or be required to make a concession unless otherwise provided in this  
29 chapter.

30 (5) "Commission" means the public employment relations commission.

31 (6) "Executive director" means the executive director of the  
32 commission.

33 (7) "Uniformed personnel" means: (a) Law enforcement officers as  
34 defined in RCW 41.26.030 and section 202 of this act employed by the  
35 governing body of any city or town with a population of two thousand  
36 five hundred or more and law enforcement officers employed by the  
37 governing body of any county with a population of ten thousand or more;  
38 (b) correctional employees who are uniformed and nonuniformed,  
39 commissioned and noncommissioned security personnel employed in a jail

1 as defined in RCW 70.48.020(5), by a county with a population of  
2 seventy thousand or more, and who are trained for and charged with the  
3 responsibility of controlling and maintaining custody of inmates in the  
4 jail and safeguarding inmates from other inmates; (c) general authority  
5 Washington peace officers as defined in RCW 10.93.020 employed by a  
6 port district in a county with a population of one million or more; (d)  
7 security forces established under RCW 43.52.520; (e) fire fighters as  
8 that term is defined in RCW 41.26.030 and section 202 of this act; (f)  
9 employees of a port district in a county with a population of one  
10 million or more whose duties include crash fire rescue or other fire  
11 fighting duties; (g) employees of fire departments of public employers  
12 who dispatch exclusively either fire or emergency medical services, or  
13 both; or (h) employees in the several classes of advanced life support  
14 technicians, as defined in RCW 18.71.200, who are employed by a public  
15 employer.

16 (8) "Institution of higher education" means the University of  
17 Washington, Washington State University, Central Washington University,  
18 Eastern Washington University, Western Washington University, The  
19 Evergreen State College, and the various state community colleges.

20 **Sec. 444.** RCW 43.84.092 and 2000 2nd sp.s. c 4 s 5 are each  
21 amended to read as follows:

22 (1) All earnings of investments of surplus balances in the state  
23 treasury shall be deposited to the treasury income account, which  
24 account is hereby established in the state treasury.

25 (2) The treasury income account shall be utilized to pay or receive  
26 funds associated with federal programs as required by the federal cash  
27 management improvement act of 1990. The treasury income account is  
28 subject in all respects to chapter 43.88 RCW, but no appropriation is  
29 required for refunds or allocations of interest earnings required by  
30 the cash management improvement act. Refunds of interest to the  
31 federal treasury required under the cash management improvement act  
32 fall under RCW 43.88.180 and shall not require appropriation. The  
33 office of financial management shall determine the amounts due to or  
34 from the federal government pursuant to the cash management improvement  
35 act. The office of financial management may direct transfers of funds  
36 between accounts as deemed necessary to implement the provisions of the  
37 cash management improvement act, and this subsection. Refunds or

1 allocations shall occur prior to the distributions of earnings set  
2 forth in subsection (4) of this section.

3 (3) Except for the provisions of RCW 43.84.160, the treasury income  
4 account may be utilized for the payment of purchased banking services  
5 on behalf of treasury funds including, but not limited to, depository,  
6 safekeeping, and disbursement functions for the state treasury and  
7 affected state agencies. The treasury income account is subject in all  
8 respects to chapter 43.88 RCW, but no appropriation is required for  
9 payments to financial institutions. Payments shall occur prior to  
10 distribution of earnings set forth in subsection (4) of this section.

11 (4) Monthly, the state treasurer shall distribute the earnings  
12 credited to the treasury income account. The state treasurer shall  
13 credit the general fund with all the earnings credited to the treasury  
14 income account except:

15 (a) The following accounts and funds shall receive their  
16 proportionate share of earnings based upon each account's and fund's  
17 average daily balance for the period: The capitol building  
18 construction account, the Cedar River channel construction and  
19 operation account, the Central Washington University capital projects  
20 account, the charitable, educational, penal and reformatory  
21 institutions account, the common school construction fund, the county  
22 criminal justice assistance account, the county sales and use tax  
23 equalization account, the data processing building construction  
24 account, the deferred compensation administrative account, the deferred  
25 compensation principal account, the department of retirement systems  
26 expense account, the drinking water assistance account, the Eastern  
27 Washington University capital projects account, the education  
28 construction fund, the emergency reserve fund, the federal forest  
29 revolving account, the health services account, the public health  
30 services account, the health system capacity account, the personal  
31 health services account, the state higher education construction  
32 account, the higher education construction account, the highway  
33 infrastructure account, the industrial insurance premium refund  
34 account, the judges' retirement account, the judicial retirement  
35 administrative account, the judicial retirement principal account, the  
36 local leasehold excise tax account, the local real estate excise tax  
37 account, the local sales and use tax account, the medical aid account,  
38 the mobile home park relocation fund, the multimodal transportation  
39 account, the municipal criminal justice assistance account, the

1 municipal sales and use tax equalization account, the natural resources  
2 deposit account, the perpetual surveillance and maintenance account,  
3 the public employees' retirement system plan 1 account, the public  
4 employees' retirement system plan 2 account, the Puyallup tribal  
5 settlement account, the resource management cost account, the site  
6 closure account, the special wildlife account, the state employees'  
7 insurance account, the state employees' insurance reserve account, the  
8 state investment board expense account, the state investment board  
9 commingled trust fund accounts, the state surplus assets reserve  
10 account, the supplemental pension account, the teachers' retirement  
11 system plan 1 account, the teachers' retirement system combined plan 2  
12 and plan 3 account, the tobacco prevention and control account, the  
13 tobacco settlement account, the transportation infrastructure account,  
14 the tuition recovery trust fund, the University of Washington bond  
15 retirement fund, the University of Washington building account, the  
16 volunteer fire fighters' and reserve officers' relief and pension  
17 principal fund, the volunteer fire fighters' and reserve officers'  
18 administrative fund, the Washington judicial retirement system account,  
19 (~~the Washington law enforcement officers' and fire fighters' system~~  
20 ~~plan 1 retirement account,~~) the Washington law enforcement officers'  
21 and fire fighters' system plan 2 retirement account, the Washington  
22 school employees' retirement system combined plan 2 and 3 account, the  
23 Washington state health insurance pool account, the Washington state  
24 patrol retirement account, the Washington State University building  
25 account, the Washington State University bond retirement fund, the  
26 water pollution control revolving fund, and the Western Washington  
27 University capital projects account. Earnings derived from investing  
28 balances of the agricultural permanent fund, the normal school  
29 permanent fund, the permanent common school fund, the scientific  
30 permanent fund, and the state university permanent fund shall be  
31 allocated to their respective beneficiary accounts. All earnings to be  
32 distributed under this subsection (4)(a) shall first be reduced by the  
33 allocation to the state treasurer's service fund pursuant to RCW  
34 43.08.190.

35 (b) The following accounts and funds shall receive eighty percent  
36 of their proportionate share of earnings based upon each account's or  
37 fund's average daily balance for the period: The aeronautics account,  
38 the aircraft search and rescue account, the county arterial  
39 preservation account, the department of licensing services account, the

1 essential rail assistance account, the ferry bond retirement fund, the  
2 grade crossing protective fund, the high capacity transportation  
3 account, the highway bond retirement fund, the highway safety account,  
4 the motor vehicle fund, the motorcycle safety education account, the  
5 pilotage account, the public transportation systems account, the Puget  
6 Sound capital construction account, the Puget Sound ferry operations  
7 account, the recreational vehicle account, the rural arterial trust  
8 account, the safety and education account, the special category C  
9 account, the state patrol highway account, the transportation equipment  
10 fund, the transportation fund, the transportation improvement account,  
11 the transportation improvement board bond retirement account, and the  
12 urban arterial trust account.

13 (5) In conformance with Article II, section 37 of the state  
14 Constitution, no treasury accounts or funds shall be allocated earnings  
15 without the specific affirmative directive of this section.

16 **Sec. 445.** RCW 43.84.092 and 2000 2nd sp.s. c 4 s 6 are each  
17 amended to read as follows:

18 (1) All earnings of investments of surplus balances in the state  
19 treasury shall be deposited to the treasury income account, which  
20 account is hereby established in the state treasury.

21 (2) The treasury income account shall be utilized to pay or receive  
22 funds associated with federal programs as required by the federal cash  
23 management improvement act of 1990. The treasury income account is  
24 subject in all respects to chapter 43.88 RCW, but no appropriation is  
25 required for refunds or allocations of interest earnings required by  
26 the cash management improvement act. Refunds of interest to the  
27 federal treasury required under the cash management improvement act  
28 fall under RCW 43.88.180 and shall not require appropriation. The  
29 office of financial management shall determine the amounts due to or  
30 from the federal government pursuant to the cash management improvement  
31 act. The office of financial management may direct transfers of funds  
32 between accounts as deemed necessary to implement the provisions of the  
33 cash management improvement act, and this subsection. Refunds or  
34 allocations shall occur prior to the distributions of earnings set  
35 forth in subsection (4) of this section.

36 (3) Except for the provisions of RCW 43.84.160, the treasury income  
37 account may be utilized for the payment of purchased banking services  
38 on behalf of treasury funds including, but not limited to, depository,

1 safekeeping, and disbursement functions for the state treasury and  
2 affected state agencies. The treasury income account is subject in all  
3 respects to chapter 43.88 RCW, but no appropriation is required for  
4 payments to financial institutions. Payments shall occur prior to  
5 distribution of earnings set forth in subsection (4) of this section.

6 (4) Monthly, the state treasurer shall distribute the earnings  
7 credited to the treasury income account. The state treasurer shall  
8 credit the general fund with all the earnings credited to the treasury  
9 income account except:

10 (a) The following accounts and funds shall receive their  
11 proportionate share of earnings based upon each account's and fund's  
12 average daily balance for the period: The capitol building  
13 construction account, the Cedar River channel construction and  
14 operation account, the Central Washington University capital projects  
15 account, the charitable, educational, penal and reformatory  
16 institutions account, the common school construction fund, the county  
17 criminal justice assistance account, the county sales and use tax  
18 equalization account, the data processing building construction  
19 account, the deferred compensation administrative account, the deferred  
20 compensation principal account, the department of retirement systems  
21 expense account, the drinking water assistance account, the Eastern  
22 Washington University capital projects account, the education  
23 construction fund, the emergency reserve fund, the federal forest  
24 revolving account, the health services account, the public health  
25 services account, the health system capacity account, the personal  
26 health services account, the state higher education construction  
27 account, the higher education construction account, the highway  
28 infrastructure account, the industrial insurance premium refund  
29 account, the judges' retirement account, the judicial retirement  
30 administrative account, the judicial retirement principal account, the  
31 local leasehold excise tax account, the local real estate excise tax  
32 account, the local sales and use tax account, the medical aid account,  
33 the mobile home park relocation fund, the multimodal transportation  
34 account, the municipal criminal justice assistance account, the  
35 municipal sales and use tax equalization account, the natural resources  
36 deposit account, the perpetual surveillance and maintenance account,  
37 the public employees' retirement system plan 1 account, the public  
38 employees' retirement system combined plan 2 and plan 3 account, the  
39 Puyallup tribal settlement account, the resource management cost

1 account, the site closure account, the special wildlife account, the  
2 state employees' insurance account, the state employees' insurance  
3 reserve account, the state investment board expense account, the state  
4 investment board commingled trust fund accounts, the state surplus  
5 assets reserve account, the supplemental pension account, the teachers'  
6 retirement system plan 1 account, the teachers' retirement system  
7 combined plan 2 and plan 3 account, the tobacco prevention and control  
8 account, the tobacco settlement account, the transportation  
9 infrastructure account, the tuition recovery trust fund, the University  
10 of Washington bond retirement fund, the University of Washington  
11 building account, the volunteer fire fighters' and reserve officers'  
12 relief and pension principal fund, the volunteer fire fighters' and  
13 reserve officers' administrative fund, the Washington judicial  
14 retirement system account, (~~the Washington law enforcement officers'~~  
15 ~~and fire fighters' system plan 1 retirement account,~~) the Washington  
16 law enforcement officers' and fire fighters' system plan 2 retirement  
17 account, the Washington school employees' retirement system combined  
18 plan 2 and 3 account, the Washington state health insurance pool  
19 account, the Washington state patrol retirement account, the Washington  
20 State University building account, the Washington State University bond  
21 retirement fund, the water pollution control revolving fund, and the  
22 Western Washington University capital projects account. Earnings  
23 derived from investing balances of the agricultural permanent fund, the  
24 normal school permanent fund, the permanent common school fund, the  
25 scientific permanent fund, and the state university permanent fund  
26 shall be allocated to their respective beneficiary accounts. All  
27 earnings to be distributed under this subsection (4)(a) shall first be  
28 reduced by the allocation to the state treasurer's service fund  
29 pursuant to RCW 43.08.190.

30 (b) The following accounts and funds shall receive eighty percent  
31 of their proportionate share of earnings based upon each account's or  
32 fund's average daily balance for the period: The aeronautics account,  
33 the aircraft search and rescue account, the county arterial  
34 preservation account, the department of licensing services account, the  
35 essential rail assistance account, the ferry bond retirement fund, the  
36 grade crossing protective fund, the high capacity transportation  
37 account, the highway bond retirement fund, the highway safety account,  
38 the motor vehicle fund, the motorcycle safety education account, the  
39 pilotage account, the public transportation systems account, the Puget

1 Sound capital construction account, the Puget Sound ferry operations  
2 account, the recreational vehicle account, the rural arterial trust  
3 account, the safety and education account, the special category C  
4 account, the state patrol highway account, the transportation equipment  
5 fund, the transportation fund, the transportation improvement account,  
6 the transportation improvement board bond retirement account, and the  
7 urban arterial trust account.

8 (5) In conformance with Article II, section 37 of the state  
9 Constitution, no treasury accounts or funds shall be allocated earnings  
10 without the specific affirmative directive of this section.

11 **Sec. 446.** RCW 43.79A.040 and 2000 c 79 s 45 are each amended to  
12 read as follows:

13 (1) Money in the treasurer's trust fund may be deposited, invested,  
14 and reinvested by the state treasurer in accordance with RCW 43.84.080  
15 in the same manner and to the same extent as if the money were in the  
16 state treasury.

17 (2) All income received from investment of the treasurer's trust  
18 fund shall be set aside in an account in the treasury trust fund to be  
19 known as the investment income account.

20 (3) The investment income account may be utilized for the payment  
21 of purchased banking services on behalf of treasurer's trust funds  
22 including, but not limited to, depository, safekeeping, and  
23 disbursement functions for the state treasurer or affected state  
24 agencies. The investment income account is subject in all respects to  
25 chapter 43.88 RCW, but no appropriation is required for payments to  
26 financial institutions. Payments shall occur prior to distribution of  
27 earnings set forth in subsection (4) of this section.

28 (4)(a) Monthly, the state treasurer shall distribute the earnings  
29 credited to the investment income account to the state general fund  
30 except under (b) and (c) of this subsection.

31 (b) The following accounts and funds shall receive their  
32 proportionate share of earnings based upon each account's or fund's  
33 average daily balance for the period: The Washington advanced college  
34 tuition payment program account, the agricultural local fund, the  
35 American Indian scholarship endowment fund, the basic health plan self-  
36 insurance reserve account, the Washington international exchange  
37 scholarship endowment fund, the developmental disabilities endowment  
38 trust fund, the energy account, the fair fund, the game farm



1 alternative account, the grain inspection revolving fund, the juvenile  
2 accountability incentive account, the law enforcement officers' and  
3 fire fighters' medical benefits risk pool account, the rural  
4 rehabilitation account, the stadium and exhibition center account, the  
5 youth athletic facility ((grant)) account, the self-insurance revolving  
6 fund, the sulfur dioxide abatement account, the restated law  
7 enforcement officers' and fire fighters' defined benefit retirement  
8 fund, and the children's trust fund. However, the earnings to be  
9 distributed shall first be reduced by the allocation to the state  
10 treasurer's service fund pursuant to RCW 43.08.190.

11 (c) The following accounts and funds shall receive eighty percent  
12 of their proportionate share of earnings based upon each account's or  
13 fund's average daily balance for the period: The advanced right of way  
14 revolving fund, the advanced environmental mitigation revolving  
15 account, the federal narcotics asset forfeitures account, the high  
16 occupancy vehicle account, the local rail service assistance account,  
17 and the miscellaneous transportation programs account.

18 (5) In conformance with Article II, section 37 of the state  
19 Constitution, no trust accounts or funds shall be allocated earnings  
20 without the specific affirmative directive of this section.

21 **Sec. 447.** RCW 46.52.130 and 1998 c 165 s 11 are each amended to  
22 read as follows:

23 A certified abstract of the driving record shall be furnished only  
24 to the individual named in the abstract, an employer or prospective  
25 employer or an agent acting on behalf of an employer or prospective  
26 employer, the insurance carrier that has insurance in effect covering  
27 the employer or a prospective employer, the insurance carrier that has  
28 insurance in effect covering the named individual, the insurance  
29 carrier to which the named individual has applied, an alcohol/drug  
30 assessment or treatment agency approved by the department of social and  
31 health services, to which the named individual has applied or been  
32 assigned for evaluation or treatment, or city and county prosecuting  
33 attorneys. City attorneys and county prosecuting attorneys may provide  
34 the driving record to alcohol/drug assessment or treatment agencies  
35 approved by the department of social and health services to which the  
36 named individual has applied or been assigned for evaluation or  
37 treatment. The director, upon proper request, shall furnish a  
38 certified abstract covering the period of not more than the last three

1 years to insurance companies. Upon proper request, the director shall  
2 furnish a certified abstract covering a period of not more than the  
3 last five years to state approved alcohol/drug assessment or treatment  
4 agencies, except that the certified abstract shall also include records  
5 of alcohol-related offenses as defined in RCW 46.01.260(2) covering a  
6 period of not more than the last ten years. Upon proper request, a  
7 certified abstract of the full driving record maintained by the  
8 department shall be furnished to a city or county prosecuting attorney,  
9 to the individual named in the abstract or to an employer or  
10 prospective employer or an agent acting on behalf of an employer or  
11 prospective employer of the named individual. The abstract, whenever  
12 possible, shall include an enumeration of motor vehicle accidents in  
13 which the person was driving; the total number of vehicles involved;  
14 whether the vehicles were legally parked or moving; whether the  
15 vehicles were occupied at the time of the accident; whether the  
16 accident resulted in any fatality; any reported convictions,  
17 forfeitures of bail, or findings that an infraction was committed based  
18 upon a violation of any motor vehicle law; and the status of the  
19 person's driving privilege in this state. The enumeration shall  
20 include any reports of failure to appear in response to a traffic  
21 citation or failure to respond to a notice of infraction served upon  
22 the named individual by an arresting officer. Certified abstracts  
23 furnished to prosecutors and alcohol/drug assessment or treatment  
24 agencies shall also indicate whether a recorded violation is an  
25 alcohol-related offense as defined in RCW 46.01.260(2) that was  
26 originally charged as one of the alcohol-related offenses designated in  
27 RCW 46.01.260(2)(b)(i).

28 The abstract provided to the insurance company shall exclude any  
29 information, except that related to the commission of misdemeanors or  
30 felonies by the individual, pertaining to law enforcement officers or  
31 fire fighters as defined in RCW 41.26.030 or section 202 of this act,  
32 or any officer of the Washington state patrol, while driving official  
33 vehicles in the performance of occupational duty. The abstract  
34 provided to the insurance company shall include convictions for RCW  
35 46.61.5249 and 46.61.525 except that the abstract shall report them  
36 only as negligent driving without reference to whether they are for  
37 first or second degree negligent driving. The abstract provided to the  
38 insurance company shall exclude any deferred prosecution under RCW  
39 10.05.060, except that if a person is removed from a deferred

1 prosecution under RCW 10.05.090, the abstract shall show the deferred  
2 prosecution as well as the removal.

3 The director shall collect for each abstract the sum of four  
4 dollars and fifty cents which shall be deposited in the highway safety  
5 fund.

6 Any insurance company or its agent receiving the certified abstract  
7 shall use it exclusively for its own underwriting purposes and shall  
8 not divulge any of the information contained in it to a third party.  
9 No policy of insurance may be canceled, nonrenewed, denied, or have the  
10 rate increased on the basis of such information unless the policyholder  
11 was determined to be at fault. No insurance company or its agent for  
12 underwriting purposes relating to the operation of commercial motor  
13 vehicles may use any information contained in the abstract relative to  
14 any person's operation of motor vehicles while not engaged in such  
15 employment, nor may any insurance company or its agent for underwriting  
16 purposes relating to the operation of noncommercial motor vehicles use  
17 any information contained in the abstract relative to any person's  
18 operation of commercial motor vehicles.

19 Any employer or prospective employer or an agent acting on behalf  
20 of an employer or prospective employer receiving the certified abstract  
21 shall use it exclusively for his or her own purpose to determine  
22 whether the licensee should be permitted to operate a commercial  
23 vehicle or school bus upon the public highways of this state and shall  
24 not divulge any information contained in it to a third party.

25 Any alcohol/drug assessment or treatment agency approved by the  
26 department of social and health services receiving the certified  
27 abstract shall use it exclusively for the purpose of assisting its  
28 employees in making a determination as to what level of treatment, if  
29 any, is appropriate. The agency, or any of its employees, shall not  
30 divulge any information contained in the abstract to a third party.

31 Release of a certified abstract of the driving record of an  
32 employee or prospective employee requires a statement signed by: (1)  
33 The employee or prospective employee that authorizes the release of the  
34 record, and (2) the employer attesting that the information is  
35 necessary to determine whether the licensee should be employed to  
36 operate a commercial vehicle or school bus upon the public highways of  
37 this state. If the employer or prospective employer authorizes an  
38 agent to obtain this information on their behalf, this must be noted in  
39 the statement.

1 Any violation of this section is a gross misdemeanor.

2 **Sec. 448.** RCW 72.72.060 and 1983 c 279 s 5 are each amended to  
3 read as follows:

4 The state shall reimburse cities and counties for their costs  
5 incurred under chapters 41.26 and 41.26A RCW if the costs are the  
6 direct result of physical injuries sustained in the implementation of  
7 a contingency plan adopted under RCW 72.02.150 and if reimbursement is  
8 not precluded by the following provisions: If the secretary of  
9 corrections identifies in the contingency plan the prison walls or  
10 other perimeter of the secured area, then reimbursement will not be  
11 made unless the injuries occur within the walls or other perimeter of  
12 the secured area. If the secretary of corrections does not identify  
13 prison walls or other perimeter of the secured area, then reimbursement  
14 shall not be made unless the injuries result from providing assistance,  
15 requested by the secretary of corrections or the secretary's designee,  
16 which is beyond the description of the assistance contained in the  
17 contingency plan. In no case shall reimbursement be made when the  
18 injuries result from conduct which either is not requested by the  
19 secretary of corrections or the secretary's designee, or is in  
20 violation of orders by superiors of the local law enforcement agency.

21 NEW SECTION. **Sec. 449.** EFFECTIVE DATES AND EXPIRATION DATES. (1)  
22 Sections 419, 421, 423, 426, 432, 440, and 444 of this act expire March  
23 1, 2002.

24 (2) Sections 418, 420, 422, 424, 427, 433, 437, 441, and 445 of  
25 this act take effect March 1, 2002.

26 **PART V**  
27 **MISCELLANEOUS**

28 NEW SECTION. **Sec. 501.** REPEALER. The following acts or parts of  
29 acts are each repealed:

30 (1) RCW 41.26.005 (Provisions applicable to "plan 1" and "plan 2")  
31 and 1992 c 72 s 2, 1991 c 35 s 12, 1989 c 273 s 10, 1985 c 102 s 5,  
32 1979 ex.s. c 249 s 1, & 1977 ex.s. c 294 s 18;

33 (2) RCW 41.26.035 ("Minimum medical and health standards" defined)  
34 and 1991 c 35 s 14 & 1971 ex.s. c 257 s 2;

1 (3) RCW 41.26.045 (Minimum medical and health standards) and 1979  
2 ex.s. c 249 s 3, 1977 ex.s. c 294 s 20, 1974 ex.s. c 120 s 8, & 1971  
3 ex.s. c 257 s 3;

4 (4) RCW 41.26.046 (Minimum medical and health standards--Board to  
5 adopt--Publication and distribution--Employer certification procedures)  
6 and 1987 c 418 s 2, 1977 ex.s. c 294 s 21, 1974 ex.s. c 120 s 12, 1972  
7 ex.s. c 131 s 2, & 1971 ex.s. c 257 s 4;

8 (5) RCW 41.26.047 (Minimum medical and health standards--  
9 Exemptions--Employer may adopt higher standards) and 1972 ex.s. c 131  
10 s 3 & 1971 ex.s. c 257 s 5;

11 (6) RCW 41.26.075 (Provisions applicable to plan 1) and 1992 c 72  
12 s 3 & 1991 c 35 s 101;

13 (7) RCW 41.26.080 (Funding total liability of plan 1 system) and  
14 2000 2nd sp.s. c 1 s 907, 1991 c 35 s 17, 1989 c 273 s 13, & 1969 ex.s.  
15 c 209 s 8;

16 (8) RCW 41.26.090 (Retirement for service) and 1991 sp.s. c 11 s 4;

17 (9) RCW 41.26.100 (Allowance on retirement for service) and 1991 c  
18 343 s 16, 1974 ex.s. c 120 s 3, 1972 ex.s. c 131 s 7, 1971 ex.s. c 257  
19 s 9, 1970 ex.s. c 6 s 5, & 1969 ex.s. c 209 s 10;

20 (10) RCW 41.26.110 (City and county disability boards authorized--  
21 Composition--Terms--Reimbursement for travel expenses--Duties) and 2000  
22 c 234 s 1, 1988 c 164 s 1, 1982 c 12 s 1, 1974 ex.s. c 120 s 9, 1970  
23 ex.s. c 6 s 6, 1969 ex.s. c 219 s 3, & 1969 ex.s. c 209 s 11;

24 (11) RCW 41.26.115 (Director of retirement systems to adopt rules  
25 governing disability boards--Remand of orders not in accordance with  
26 rules) and 1981 c 294 s 1;

27 (12) RCW 41.26.120 (Retirement for disability incurred in the line  
28 of duty) and 1991 c 35 s 19, 1986 c 176 s 5, 1985 c 102 s 2, 1981 c 294  
29 s 2, 1974 ex.s. c 120 s 10, 1972 ex.s. c 131 s 8, 1970 ex.s. c 6 s 7,  
30 & 1969 ex.s. c 209 s 12;

31 (13) RCW 41.26.125 (Retirement for disability not incurred in the  
32 line of duty) and 1986 c 176 s 6 & 1985 c 102 s 3;

33 (14) RCW 41.26.130 (Allowance on retirement for disability) and  
34 1991 c 35 s 20, 1987 c 185 s 11, 1981 c 294 s 3, 1970 ex.s. c 6 s 8, &  
35 1969 ex.s. c 209 s 13;

36 (15) RCW 41.26.135 (Cessation of disability--Determination) and  
37 1985 c 103 s 1;

1 (16) RCW 41.26.140 (Reexaminations of disability beneficiaries--  
2 Reentry--Appeal) and 1991 c 35 s 21, 1985 c 103 s 2, 1981 c 294 s 4,  
3 1974 ex.s. c 120 s 4, 1970 ex.s. c 6 s 9, & 1969 ex.s. c 209 s 14;  
4 (17) RCW 41.26.150 (Sickness or disability benefits--Medical  
5 services) and 1992 c 22 s 3, 1991 c 35 s 22, 1987 c 185 s 12, 1983 c  
6 106 s 23, 1974 ex.s. c 120 s 11, 1971 ex.s. c 257 s 10, 1970 ex.s. c 6  
7 s 10, 1969 ex.s. c 219 s 4, & 1969 ex.s. c 209 s 15;  
8 (18) RCW 41.26.160 (Death benefits--Duty connected) and 1999 c 134  
9 s 2 & 1991 sp.s. c 11 s 5;  
10 (19) RCW 41.26.161 (Death benefits--Nonduty connected) and 1999 c  
11 134 s 3;  
12 (20) RCW 41.26.162 (Ex spouse qualifying as surviving spouse--When)  
13 and 1991 sp.s. c 12 s 2;  
14 (21) RCW 41.26.170 (Refund of contributions on discontinuance of  
15 service--Reentry) and 1994 c 197 s 6, 1991 c 35 s 24, 1970 ex.s. c 6 s  
16 14, & 1969 ex.s. c 209 s 22;  
17 (22) RCW 41.26.190 (Credit for military service) and 1991 c 35 s  
18 26, 1970 ex.s. c 6 s 13, & 1969 ex.s. c 209 s 18;  
19 (23) RCW 41.26.192 (Credit for service under prior pension system--  
20 Restoration of withdrawn contributions) and 1994 c 197 s 7 & 1992 c 157  
21 s 1;  
22 (24) RCW 41.26.194 (Credit for service under prior pension system--  
23 Service not covered under prior system) and 1994 c 197 s 8 & 1992 c 157  
24 s 2;  
25 (25) RCW 41.26.195 (Transfer of service credit from other  
26 retirement system--Irrevocable election allowed) and 1997 c 122 s 1;  
27 (26) RCW 41.26.197 (Service credit for paid leave of absence--  
28 Application to elected officials of labor organizations) and 1993 c 95  
29 s 3;  
30 (27) RCW 41.26.200 (Appeal to director of retirement systems) and  
31 1981 c 294 s 5, 1974 ex.s. c 120 s 6, 1971 ex.s. c 257 s 13, 1970 ex.s.  
32 c 6 s 11, & 1969 ex.s. c 209 s 16;  
33 (28) RCW 41.26.211 (Notice for hearing required prior to  
34 petitioning for judicial review) and 1984 c 184 s 16, 1981 c 294 s 6,  
35 & 1969 ex.s. c 209 s 19;  
36 (29) RCW 41.26.221 (Hearing--Conduct) and 1984 c 184 s 17, 1981 c  
37 294 s 7, & 1969 ex.s. c 209 s 20;  
38 (30) RCW 41.26.240 (Increases or decreases in retirement allowances  
39 to be determined by department in accordance with consumer price index)

1 and 1991 c 35 s 27, 1974 ex.s. c 120 s 13, 1970 ex.s. c 6 s 16, & 1969  
2 ex.s. c 209 s 24;

3 (31) RCW 41.26.250 (Increase in presently payable benefits for  
4 service or disability authorized) and 1975 1st ex.s. c 178 s 3, 1974  
5 ex.s. c 190 s 3, 1970 ex.s. c 37 s 2, & 1969 ex.s. c 209 s 34;

6 (32) RCW 41.26.260 (Increase in certain presently payable death  
7 benefits authorized) and 1974 ex.s. c 190 s 4 & 1969 ex.s. c 209 s 35;

8 (33) RCW 41.26.270 (Declaration of policy respecting benefits for  
9 injury or death--Civil actions abolished) and 1989 c 12 s 13, 1987 c  
10 185 s 13, 1985 c 102 s 4, & 1971 ex.s. c 257 s 14;

11 (34) RCW 41.26.281 (Cause of action for injury or death, when) and  
12 1991 c 35 s 28 & 1971 ex.s. c 257 s 15;

13 (35) RCW 41.26.3901 (Severability--1969 ex.s. c 209) and 1969 ex.s.  
14 c 209 s 42;

15 (36) RCW 41.26.3902 (Act to control inconsistencies) and 1969 ex.s.  
16 c 209 s 43;

17 (37) RCW 41.26.3903 (Effective date--1969 ex.s. c 209) and 1969  
18 ex.s. c 209 s 45; and

19 (38) RCW 41.26.410 (Provisions applicable to plan 2) and 1991 c 35  
20 s 29 & 1977 ex.s. c 294 s 2.

21 NEW SECTION. **Sec. 502.** SAVINGS. The repeals in section 501 of  
22 this act do not affect any existing right acquired or liability or  
23 obligation incurred under the statutes repealed or under any rule or  
24 order adopted under those statutes nor do they affect any proceeding  
25 instituted under them. Rules adopted by the department of retirement  
26 systems relating to plan 1 of the law enforcement officers' and fire  
27 fighters' retirement system under chapter 41.26 RCW shall continue in  
28 effect and apply to the restated law enforcement officers' and fire  
29 fighters' retirement system under chapter 41.26A RCW unless expressly  
30 inconsistent therewith and until repealed or superseded.

31 NEW SECTION. **Sec. 503.** NONSEVERABILITY. Sections 1 through 8 of  
32 this act are not severable, and if any provision of those sections is  
33 held invalid by a court of competent jurisdiction, this entire act is  
34 null and void.

35 NEW SECTION. **Sec. 504.** CAPTIONS. Part headings and captions used  
36 in this act are not any part of the law.

1        NEW SECTION.    **Sec. 505.**    EFFECTIVE DATE.    Except as provided in  
2 section 449 of this act, this act is necessary for the immediate  
3 preservation of the public peace, health, or safety, or support of the  
4 state government and its existing public institutions, and takes effect  
5 July 1, 2001.

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