

SB 6029 - H COMM AMD
By Committee on Appropriations

ADOPTED 04/25/2003

1 Strike everything after the enacting clause and insert the
2 following:

3 "Sec. 1. RCW 41.45.035 and 2001 2nd sp.s. c 11 s 6 are each
4 amended to read as follows:

5 (1) Beginning July 1, 2001, the following long-term economic
6 assumptions shall be used by the state actuary for the purposes of RCW
7 41.45.030:

8 (a) The growth in inflation assumption shall be 3.5 percent;

9 (b) The growth in salaries assumption, exclusive of merit or
10 longevity increases, shall be 4.5 percent;

11 (c) The investment rate of return assumption shall be 8 percent;
12 and

13 (d) The growth in system membership assumption shall be 1.25
14 percent for the public employees' retirement system, the school
15 employees' retirement system, and the law enforcement officers' and
16 fire fighters' retirement system. The assumption shall be .90 percent
17 for the teachers' retirement system.

18 (2) Beginning with actuarial studies done after July 1, ~~((2001))~~
19 2003, changes to plan asset values that vary from the long-term
20 investment rate of return assumption shall be recognized over a ~~((four-~~
21 ~~year))~~ period that varies up to eight years depending on the magnitude
22 of the deviation of each year's investment rate of return relative to
23 the long-term rate of return assumption. Beginning April 1, 2004, the
24 council, by affirmative vote of four councilmembers, may adopt changes
25 to this asset value smoothing technique. Any changes adopted by the
26 council shall be subject to revision by the legislature.

27 **Sec. 2.** RCW 41.45.054 and 2002 c 7 s 1 are each amended to read as
28 follows:

29 The basic employer and state contribution rates and plan 2 member

1 contribution rates are changed to reflect the 2000 actuarial valuation,
2 incorporating the 1995-2000 actuarial experience study conducted by the
3 office of the state actuary. The results of the ~~((2000))~~ 2001
4 actuarial valuation for the public employees' retirement system, the
5 teachers' retirement system, and the school employees' retirement
6 system shall be ~~((adjusted to reflect an April 1, 2002, implementation~~
7 ~~date.))~~ restated as a result of the new asset smoothing method adopted
8 in RCW 41.45.035, and suspension of payments on the unfunded liability
9 in the public employees' retirement system and teachers' retirement
10 system, to collect the following contribution rates:

11 (1) Beginning ~~((April 1, 2002))~~ July 1, 2003, the following
12 employer contribution rates shall be charged:

13 (a) ~~((1.10))~~ 1.18 percent for the public employees' retirement
14 system; and

15 (b) ~~((2.64))~~ 3.03 percent for the law enforcement officers' and
16 fire fighters' retirement system plan 2.

17 (2) Beginning ~~((April 1, 2002))~~ July 1, 2003, the basic state
18 contribution rate for the law enforcement officers' and fire fighters'
19 retirement system plan 2 shall be ~~((1.75))~~ 2.02 percent.

20 (3) Beginning ~~((April 1, 2002))~~ September 1, 2003, the following
21 employer contribution rates shall be charged:

22 (a) ~~((0.96))~~ 0.84 percent for the school employees' retirement
23 system; and

24 (b) ~~((1.05))~~ 1.17 percent for the teachers' retirement system.

25 (4) Beginning ~~((April 1, 2002))~~ July 1, 2003, the following member
26 contribution rates shall be charged:

27 (a) ~~((0.65))~~ 1.18 percent for the public employees' retirement
28 system plan 2; and

29 (b) ~~((4.39))~~ 5.05 percent for the law enforcement officers' and
30 fire fighters' retirement system plan 2.

31 (5) Beginning ~~((April 1, 2002))~~ September 1, 2003, the following
32 member contribution rates shall be charged:

33 (a) ~~((0.35))~~ 0.84 percent for the school employees' retirement
34 system plan 2; and

35 (b) ~~((0.15))~~ 0.87 percent for the teachers' retirement system plan
36 2.

1 (6) The contribution rates in this section shall be collected
2 through (~~June 30, 2003~~) June 30, 2005, for the public employees'
3 retirement system and the law enforcement officers' and fire fighters'
4 retirement system, and August 31st, 2005, for the school employees'
5 retirement system and the teachers' retirement system.

6 **Sec. 3.** RCW 41.45.070 and 2001 2nd sp.s. c 11 s 16 and 2001 2nd
7 sp.s. c 11 s 15 are each reenacted and amended to read as follows:

8 (1) In addition to the basic employer contribution rate established
9 in RCW 41.45.060 or (~~41.45.053~~) 41.45.054, the department shall also
10 charge employers of public employees' retirement system, teachers'
11 retirement system, school employees' retirement system, or Washington
12 state patrol retirement system members an additional supplemental rate
13 to pay for the cost of additional benefits, if any, granted to members
14 of those systems. Except as provided in subsections (6) and (7) of
15 this section, the supplemental contribution rates required by this
16 section shall be calculated by the state actuary and shall be charged
17 regardless of language to the contrary contained in the statute which
18 authorizes additional benefits.

19 (2) In addition to the basic state contribution rate established in
20 RCW 41.45.060 or (~~41.45.053~~) 41.45.054 for the law enforcement
21 officers' and fire fighters' retirement system plan 2, the department
22 shall also establish a supplemental rate to pay for the cost of
23 additional benefits, if any, granted to members of the law enforcement
24 officers' and fire fighters' retirement system plan 2. Except as
25 provided in subsection (6) of this section, this supplemental rate
26 shall be calculated by the state actuary and the state treasurer shall
27 transfer the additional required contributions regardless of language
28 to the contrary contained in the statute which authorizes the
29 additional benefits.

30 (3) The supplemental rate charged under this section to fund
31 benefit increases provided to active members of the public employees'
32 retirement system plan 1, the teachers' retirement system plan 1, and
33 Washington state patrol retirement system, shall be calculated as the
34 level percentage of all members' pay needed to fund the cost of the
35 benefit not later than June 30, 2024.

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

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

19 (6) A supplemental rate shall not be charged to pay for the cost of
20 additional benefits granted to members pursuant to chapter 340, Laws of
21 1998.

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

26 NEW SECTION. **Sec. 4.** This act is necessary for the immediate
27 preservation of the public peace, health, or safety, or support of the
28 state government and its existing public institutions, and takes effect
29 July 1, 2003."

30 Correct the title.

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