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HOUSE BILL 2193

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State of Washington                      58th Legislature                      2003 Regular Session

By Representative Conway

Read first time 03/04/2003. Referred to Committee on Appropriations.

1            AN ACT Relating to implementing Initiative Measure No. 790;  
2 amending RCW 44.44.040; reenacting and amending RCW 43.84.092; adding  
3 new sections to chapter 41.26 RCW; adding a new section to chapter  
4 41.45 RCW; creating a new section; and declaring an emergency.

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

6            NEW SECTION.    **Sec. 1.** The law enforcement officers' and  
7 firefighters' plan 2 retirement board established in RCW 41.26.715 has  
8 the following duties and powers in addition to any other duties or  
9 powers authorized or required by law. The board:

10            (1) Shall employ staff as necessary to implement the purposes of  
11 chapter 2, Laws of 2003. Staff must be state employees under Title 41  
12 RCW;

13            (2) Shall adopt an annual budget as provided in RCW 41.26.720.  
14 Expenses of the board are paid from the expense fund created in section  
15 4 of this act;

16            (3) May make, execute, and deliver contracts, conveyances, and  
17 other instruments necessary to exercise and discharge its powers and  
18 duties;

1 (4) May contract for all or part of the services necessary for the  
2 management and operation of the board with other state or nonstate  
3 entities authorized to do business in the state; and

4 (5) May contract with actuaries, auditors, and other consultants as  
5 necessary to carry out its responsibilities.

6 **Sec. 2.** RCW 44.44.040 and 1987 c 25 s 3 are each amended to read  
7 as follows:

8 The office of the state actuary shall have the following powers and  
9 duties:

10 (1) Perform all actuarial services for the department of retirement  
11 systems, including all studies required by law. Reimbursement for such  
12 services shall be made to the state actuary pursuant to the provisions  
13 of RCW 39.34.130 as now or hereafter amended.

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

17 (3) Consult with the legislature and the governor concerning  
18 determination of actuarial assumptions used by the department of  
19 retirement systems.

20 (4) Prepare a report, to be known as the actuarial fiscal note, on  
21 each pension bill introduced in the legislature which briefly explains  
22 the financial impact of the bill. The actuarial fiscal note shall  
23 include: (a) The statutorily required contribution for the biennium  
24 and the following twenty-five years; (b) the biennial cost of the  
25 increased benefits if these exceed the required contribution; and (c)  
26 any change in the present value of the unfunded accrued benefits. An  
27 actuarial fiscal note shall also be prepared for all amendments which  
28 are offered in committee or on the floor of the house of  
29 representatives or the senate to any pension bill. However, a majority  
30 of the members present may suspend the requirement for an actuarial  
31 fiscal note for amendments offered on the floor of the house of  
32 representatives or the senate.

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

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

1       (7) Provide actuarial assistance to the law enforcement officers'  
2 and fire fighters' plan 2 retirement board as provided in chapter 2,  
3 Laws of 2003. Reimbursement for services shall be made to the state  
4 actuary under RCW 39.34.130 and 41.26.720(5).

5       NEW SECTION. Sec. 3. A new section is added to chapter 41.45 RCW  
6 to read as follows:

7       (1) Not later than September 30, 2004, and every even-numbered year  
8 thereafter, the law enforcement officers' and fire fighters' plan 2  
9 retirement board shall adopt contribution rates for the law enforcement  
10 officers' and fire fighters' retirement system plan 2 as provided in  
11 chapter 2, Laws of 2003.

12       (2) The law enforcement officers' and fire fighters' plan 2  
13 retirement board shall immediately notify the directors of the office  
14 of financial management and department of retirement systems of the  
15 state, employer, and employee rates adopted. The rates shall be  
16 effective for the ensuing biennial period subject to any legislative  
17 modifications.

18       NEW SECTION. Sec. 4. (1) A law enforcement officers' and fire  
19 fighters' retirement system plan 2 expense fund is created in the state  
20 treasury. Money in the expense fund may be spent only for the purposes  
21 of defraying the administrative expenses of the law enforcement  
22 officers' and fire fighters' plan 2 retirement board. Administrative  
23 expenses include, but are not limited to, the salaries and expenses of  
24 the law enforcement officers' and fire fighters' plan 2 retirement  
25 board personnel including lease payments, travel, and goods and  
26 services necessary for the operation of the board, audits, and other  
27 general costs of conducting the business of the board.

28       (2) The board shall allocate from the law enforcement officers' and  
29 fire fighters' retirement system plan 2 fund to the expense fund  
30 sufficient assets to defray the obligations of the fund including the  
31 costs of board administration and reimbursement of the department of  
32 retirement systems and the office of the state actuary. The board  
33 shall notify the state treasurer of the allocation determination.

34       (3) Upon receipt of the notification to allocate money from the law  
35 enforcement officers' and fire fighters' retirement system plan 2 fund  
36 to the expense fund, the state treasurer shall transfer the amount

1 determined by the law enforcement officers' and fire fighters' plan 2  
2 board necessary to cover the expenses of the law enforcement officers'  
3 and fire fighters' plan 2 retirement board.

4 (4) Money from the expense fund used for administrative expenses is  
5 subject to the allotment of all expenditures pursuant to chapter 43.88  
6 RCW, and an appropriation is required for all expenditures.

7 NEW SECTION. **Sec. 5.** All expenses of the department and the  
8 office of the state actuary related to the implementation of chapter 2,  
9 Laws of 2003 shall be reimbursed from the law enforcement officers' and  
10 fire fighters' retirement system expense fund as provided for under RCW  
11 39.34.130.

12 **Sec. 6.** RCW 43.84.092 and 2002 c 242 s 2, 2002 c 114 s 24, and  
13 2002 c 56 s 402 are each reenacted and amended to read as follows:

14 (1) All earnings of investments of surplus balances in the state  
15 treasury shall be deposited to the treasury income account, which  
16 account is hereby established in the state treasury.

17 (2) The treasury income account shall be utilized to pay or receive  
18 funds associated with federal programs as required by the federal cash  
19 management improvement act of 1990. The treasury income account is  
20 subject in all respects to chapter 43.88 RCW, but no appropriation is  
21 required for refunds or allocations of interest earnings required by  
22 the cash management improvement act. Refunds of interest to the  
23 federal treasury required under the cash management improvement act  
24 fall under RCW 43.88.180 and shall not require appropriation. The  
25 office of financial management shall determine the amounts due to or  
26 from the federal government pursuant to the cash management improvement  
27 act. The office of financial management may direct transfers of funds  
28 between accounts as deemed necessary to implement the provisions of the  
29 cash management improvement act, and this subsection. Refunds or  
30 allocations shall occur prior to the distributions of earnings set  
31 forth in subsection (4) of this section.

32 (3) Except for the provisions of RCW 43.84.160, the treasury income  
33 account may be utilized for the payment of purchased banking services  
34 on behalf of treasury funds including, but not limited to, depository,  
35 safekeeping, and disbursement functions for the state treasury and  
36 affected state agencies. The treasury income account is subject in all

1 respects to chapter 43.88 RCW, but no appropriation is required for  
2 payments to financial institutions. Payments shall occur prior to  
3 distribution of earnings set forth in subsection (4) of this section.

4 (4) Monthly, the state treasurer shall distribute the earnings  
5 credited to the treasury income account. The state treasurer shall  
6 credit the general fund with all the earnings credited to the treasury  
7 income account except:

8 (a) The following accounts and funds shall receive their  
9 proportionate share of earnings based upon each account's and fund's  
10 average daily balance for the period: The capitol building  
11 construction account, the Cedar River channel construction and  
12 operation account, the Central Washington University capital projects  
13 account, the charitable, educational, penal and reformatory  
14 institutions account, the common school construction fund, the county  
15 criminal justice assistance account, the county sales and use tax  
16 equalization account, the data processing building construction  
17 account, the deferred compensation administrative account, the deferred  
18 compensation principal account, the department of retirement systems  
19 expense account, the drinking water assistance account, the drinking  
20 water assistance administrative account, the drinking water assistance  
21 repayment account, the Eastern Washington University capital projects  
22 account, the education construction fund, the emergency reserve fund,  
23 the federal forest revolving account, the health services account, the  
24 public health services account, the health system capacity account, the  
25 personal health services account, the state higher education  
26 construction account, the higher education construction account, the  
27 highway infrastructure account, the industrial insurance premium refund  
28 account, the judges' retirement account, the judicial retirement  
29 administrative account, the judicial retirement principal account, the  
30 law enforcement officers' and fire fighters' retirement system plan 2  
31 expense fund, the local leasehold excise tax account, the local real  
32 estate excise tax account, the local sales and use tax account, the  
33 medical aid account, the mobile home park relocation fund, the  
34 multimodal transportation account, the municipal criminal justice  
35 assistance account, the municipal sales and use tax equalization  
36 account, the natural resources deposit account, the oyster reserve land  
37 account, the perpetual surveillance and maintenance account, the public  
38 employees' retirement system plan 1 account, the public employees'

1 retirement system combined plan 2 and plan 3 account, the public  
2 facilities construction loan revolving account beginning July 1, 2004,  
3 the public health supplemental account, the Puyallup tribal settlement  
4 account, the regional transportation investment district account, the  
5 resource management cost account, the site closure account, the special  
6 wildlife account, the state employees' insurance account, the state  
7 employees' insurance reserve account, the state investment board  
8 expense account, the state investment board commingled trust fund  
9 accounts, the supplemental pension account, the Tacoma Narrows toll  
10 bridge account, the teachers' retirement system plan 1 account, the  
11 teachers' retirement system combined plan 2 and plan 3 account, the  
12 tobacco prevention and control account, the tobacco settlement account,  
13 the transportation infrastructure account, the tuition recovery trust  
14 fund, the University of Washington bond retirement fund, the University  
15 of Washington building account, the volunteer fire fighters' and  
16 reserve officers' relief and pension principal fund, the volunteer fire  
17 fighters' and reserve officers' administrative fund, the Washington  
18 fruit express account, the Washington judicial retirement system  
19 account, the Washington law enforcement officers' and fire fighters'  
20 system plan 1 retirement account, the Washington law enforcement  
21 officers' and fire fighters' system plan 2 retirement account, the  
22 Washington school employees' retirement system combined plan 2 and 3  
23 account, the Washington state health insurance pool account, the  
24 Washington state patrol retirement account, the Washington State  
25 University building account, the Washington State University bond  
26 retirement fund, the water pollution control revolving fund, and the  
27 Western Washington University capital projects account. Earnings  
28 derived from investing balances of the agricultural permanent fund, the  
29 normal school permanent fund, the permanent common school fund, the  
30 scientific permanent fund, and the state university permanent fund  
31 shall be allocated to their respective beneficiary accounts. All  
32 earnings to be distributed under this subsection (4)(a) shall first be  
33 reduced by the allocation to the state treasurer's service fund  
34 pursuant to RCW 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

1 preservation account, the department of licensing services account, the  
2 essential rail assistance account, the ferry bond retirement fund, the  
3 grade crossing protective fund, the high capacity transportation  
4 account, the highway bond retirement fund, the highway safety account,  
5 the motor vehicle fund, the motorcycle safety education account, the  
6 pilotage account, the public transportation systems account, the Puget  
7 Sound capital construction account, the Puget Sound ferry operations  
8 account, the recreational vehicle account, the rural arterial trust  
9 account, the safety and education account, the special category C  
10 account, the state patrol highway account, the transportation equipment  
11 fund, the transportation fund, the transportation improvement account,  
12 the transportation improvement board bond retirement account, and the  
13 urban arterial trust account.

14 (5) In conformance with Article II, section 37 of the state  
15 Constitution, no treasury accounts or funds shall be allocated earnings  
16 without the specific affirmative directive of this section.

17 NEW SECTION. **Sec. 7.** Sections 1, 4, and 5 of this act are each  
18 added to chapter 41.26 RCW and codified under the subchapter heading  
19 "plan 2 management."

20 NEW SECTION. **Sec. 8.** In the event a final judicial decision  
21 renders Initiative Measure No. 790 unenforceable, in whole or in part,  
22 making this act or parts of this act unnecessary, unreasonable, or  
23 impossible to implement, the director of the department of retirement  
24 systems shall adopt rules as necessary to implement chapters 41.26 and  
25 41.45 RCW as they existed on November 1, 2002. The director shall  
26 prepare and submit corrective legislation to the legislature.

27 NEW SECTION. **Sec. 9.** This act is necessary for the immediate  
28 preservation of the public peace, health, or safety, or support of the  
29 state government and its existing public institutions, and takes effect  
30 immediately.

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