

HOUSE BILL REPORT

SB 6167

As Reported by House Committee On: Appropriations

Title: An act relating to clarifying the director's authority to determine interest in certain public retirement systems.

Brief Description: Clarifying the director's authority to determine interest in certain public retirement systems.

Sponsors: Senators Pridemore, Zarelli and Prentice; by request of Department of Retirement Systems.

Brief History:

Committee Activity:

Appropriations: 4/16/07 [DP].

Brief Summary of Bill

- Reinstates statutory language that expressly establishes the authority of the Director of the Department of Retirement Systems to determine the method and amount of interest that is credited to member retirement contributions.
- Requires interest, if credited, to be credited at least quarterly.

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: Do pass. Signed by 31 members: Representatives Sommers, Chair; Dunshee, Vice Chair; Alexander, Ranking Minority Member; Bailey, Assistant Ranking Minority Member; Haler, Assistant Ranking Minority Member; Anderson, Buri, Chandler, Cody, Conway, Darneille, Dunn, Ericks, Fromhold, Grant, Haigh, Hunt, Hunter, Kagi, Kenney, Kretz, Linville, McDermott, McDonald, McIntire, Morrell, Pettigrew, Priest, Schual-Berke, P. Sullivan and Walsh.

Staff: David Pringle (786-7310).

Background:

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

The public retirement systems of the state are administered by the Department of Retirement Systems (DRS), the administrative head of which is the Director of the DRS (Director). In 1992, the Legislature enacted legislation to simplify the funds established for the administration of the Teachers' Retirement System and the Public Employees' Retirement System. The legislation abolished the Public Employees' Income Fund and the Teachers' Retirement System Income Fund, funds which had been used to credit interest to members' accumulated retirement contributions. With the repeal of these two funds, language was also repealed that expressly established the discretion of the Director to determine the interest "amounts to be credited and the methods for distribution." Since 1992, the Director has continued to make these determinations pursuant to a more general statutory authority to credit interest "as the Director may determine."

Recent litigation has challenged the Director's discretion to determine the method and amount of interest to be credited to members' retirement contributions.

Summary of Bill:

Statutory language is reinstated to expressly establish the authority of the Director of the DRS to determine the method and amount of interest to be credited to member's retirement contributions. If interest is to be credited, it must be done at least quarterly. The reinstatement of the language is affirmation of the authority of the Director, and is curative and retroactive in effect.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: The bill takes effect 90 days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony:

(In support) Circumstances did not make it possible for us to bring this bill to the committee earlier, or even bring it through the Select Committee on Pension Policy process as the Director would have preferred. This stems from the result of recently settled litigation, and as a result had to be brought late during session.

(Opposed) None.

Persons Testifying: Dave Nelson, Department of Retirement Systems.

Persons Signed In To Testify But Not Testifying: None.