

FINAL BILL REPORT

HB 1618

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Synopsis as Enacted

Brief Description: Addressing public utility districts and deferred compensation and supplemental savings plans.

Sponsors: Representatives Sells, Crouse, Dunshee, McCoy, Liias, Kristiansen and Pearson.

House Committee on Local Government
Senate Committee on Government Operations, Tribal Relations & Elections

Background:

Public utility districts (PUDs) are created by and for the communities they serve. Public utility districts may provide water, electricity, conservation, and telecommunications services depending on the needs of their customers. Washington has 28 public utility districts that serve more than 2.2 million customers. Each PUD is governed by a board of three elected commissioners who serve staggered six-year terms.

If a PUD employee or official is not a member of the state retirement system, the district may contract for any one or more of the following and pay the applicable premiums out of operation revenue from district properties:

- individual annuity contracts; or
- retirement income policies or group annuity contracts, including prior service, to provide a retirement plan.

Public utility districts may continue to make these premium payments after an employee retires if the employee was employed on or after August 6, 1965. A retired employee, however, must not be paid more than a current employee. This practice is known as deferred compensation. Public utility districts have general authority to participate in the state's deferred compensation plan through the Department of Retirement Services, subject to federal and state requirements.

Summary:

The authority of PUDs providing water or electric utilities is modified to expressly allow any deferred compensation or supplemental savings retirement plan to be established and

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maintained by a PUD for eligible employees and officials. The term contribution includes contributions made:

- on behalf of an eligible employee and equal to the amount the employee agrees to in compensation reduction; and
- by the PUD, separate from amounts otherwise intended for earnings.

Public utility district employees and officials are also eligible for membership and participation in any public employee pension system.

Contributions must be deposited in a designated account or held in trust as a public retirement fund. Alternatively, contributions must be remitted to an insurer. Contributions may be deposited or invested in a banking institution or an investment or insurance company.

Public utility districts, including employees or officials and commissioners, are not liable for activity related to individual account plans in which an individual participant self-manages his or her retirement account.

Votes on Final Passage:

House	97	0
Senate	44	0

Effective: July 22, 2011