

SENATE BILL REPORT

SB 5281

As of February 13, 2011

Title: An act relating to public utility districts and deferred compensation and supplemental savings plans.

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

Sponsors: Senators Hobbs, Holmquist Newbry, Hatfield, Haugen and Harper.

Brief History:

Committee Activity: Government Operations, Tribal Relations & Elections: 2/01/11.

SENATE COMMITTEE ON GOVERNMENT OPERATIONS, TRIBAL RELATIONS & ELECTIONS

Staff: Diane Smith (786-7410)

Background: Public utility districts (PUD) that provide water or electricity may provide a retirement plan for their employees and officials. The employees or officials may not be members of the state retirement system. The components of the retirement may include any or all of the following: contracts for individual annuities, retirement income policies, and group annuity contracts. The premiums may be paid, in whole or in part, from the PUD's operational revenues.

Employees of the state, counties, municipalities, or other political subdivisions of the state; elected and appointed officials of the executive branch; justices and judges of the Supreme Court; court of appeals, superior and district courts; members of the state Legislature; and the legislative authorities of counties, cities, and towns are eligible with their employers to participate in a plan of deferred compensation. These investments are made by the individual participants into a set of options provided by the State Investment Board.

Summary of Bill: The PUD may establish and maintain any plan of deferred compensation or supplemental savings plan for retirement for its employees and officials, including commissioners.

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 requirement that the official or employee not be a member of the state retirement system is removed. Simultaneous membership in any other pension system for public employees is expressly allowed.

The PUD may make contributions from a reduction in salary or wages and from amounts separate from salary or wages.

Contribution must be made into designated accounts held in trust or remitted to an insurer. Eligible investments are the same as those allowed for state pensions, retirement funds, and the Industrial Insurance Trust Fund.

Contributions may be deposited into the same financial institutions and insurers that the state deferred compensation allows. Investments are self-directed for individual accounts through the selection of investment options authorized by the plan.

Appropriation: None.

Fiscal Note: Not requested.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony: PRO: This bill provides clarity and flexibility. It centralizes statutory authority to provide the broader array of investments authorized by federal law. This bill fixes an inadvertent statutory gap. The Department of Revenue has reviewed the bill and found no impact or conflict and no cost to the state.

Persons Testifying: PRO: Senator Hobbs, prime sponsor; Sharon Reijonen, Snohomish County PUD.