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HOUSE BILL 2071

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State of Washington

62nd Legislature

2011 Regular Session

By Representative Van De Wege

Read first time 04/09/11. Referred to Committee on Ways & Means.

1 AN ACT Relating to eliminating the September 30, 2011, transfer to  
2 the local public safety account and clarifying the method of funding  
3 previously adopted benefits; and amending RCW 41.26.802 and 41.26.805.

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

5 **Sec. 1.** RCW 41.26.802 and 2008 c 99 s 4 are each amended to read  
6 as follows:

7 ~~(1) ((By September 30, 2011, if the prior fiscal biennium's general  
8 state revenues exceed the previous fiscal biennium's revenues by more  
9 than five percent, subject to appropriation by the legislature, the  
10 state treasurer shall transfer five million dollars to the local public  
11 safety enhancement account.~~

12 ~~(2))~~ By September 30, 2013, if the prior fiscal biennium's general  
13 state revenues exceed the previous fiscal biennium's revenues by more  
14 than five percent, subject to appropriation by the legislature, the  
15 state treasurer shall transfer ten million dollars to the local public  
16 safety enhancement account.

17 ~~((3))~~ (2) By September 30, 2015, if the prior fiscal biennium's  
18 general state revenues exceed the previous fiscal biennium's revenues

1 by more than five percent, subject to appropriation by the legislature,  
2 the state treasurer shall transfer twenty million dollars to the local  
3 public safety enhancement account.

4 ~~((+4))~~ (3) By September 30, 2017, and by September 30 of each  
5 odd-numbered year thereafter, if the prior fiscal biennium's general  
6 state revenues exceed the previous fiscal biennium's revenues by more  
7 than five percent, subject to appropriation by the legislature, the  
8 state treasurer shall transfer the lesser of one-third of the increase,  
9 or fifty million dollars, to the local public safety enhancement  
10 account.

11 **Sec. 2.** RCW 41.26.805 and 2008 c 99 s 3 are each amended to read  
12 as follows:

13 (1) The local law enforcement officers' and firefighters'  
14 retirement system benefits improvement account (benefits account) is  
15 created within the law enforcement officers' and firefighters'  
16 retirement system plan 2 fund. All receipts from RCW 41.26.800(1) must  
17 be deposited into the account.

18 (2) The funds in the benefits account shall not be included by the  
19 actuary retained by the board in the calculation of the market value of  
20 assets of the law enforcement officers' and firefighters' retirement  
21 system plan 2 fund until the board directs the actuary retained by the  
22 board in writing to do so for purposes of financing benefits enacted by  
23 the legislature. The board shall, in consultation with the state  
24 investment board and within ninety days of the transfer of funds into  
25 the benefits account, provide the actuary retained by the board, in  
26 writing, the market value of the amount directed from the benefits  
27 account for inclusion in the calculation of the market value of assets  
28 of the law enforcement officers' and firefighters' retirement system  
29 plan 2 fund. The market value of the amount directed from the benefits  
30 account shall be an amount determined by the state actuary to  
31 sufficiently offset the unfunded actuarial accrued liabilities of  
32 benefit improvements financed from this account. The market value of  
33 the amount directed from the benefits account shall be determined as of  
34 the date of the direction from the board to include this amount for  
35 purposes of financing benefits enacted by the legislature.

36 (3) The law enforcement officers' and firefighters' plan 2

1 retirement board shall administer the fund in an actuarially sound  
2 manner.

3 (4) The state investment board has the full power to invest,  
4 reinvest, manage, contract, sell, or exchange investment money in the  
5 benefits account. The state investment board is authorized to adopt  
6 investment policies for the money in the benefits account. All  
7 investment and operating costs associated with the investment of money  
8 within the benefits account shall be paid pursuant to RCW 43.33A.160  
9 and 43.84.160. With the exception of these expenses, the earnings from  
10 the investment of the money shall be retained by the benefits account.

11 (5) All investments made by the state investment board shall be  
12 made with the exercise of that degree of judgment and care pursuant to  
13 RCW 43.33A.140 and the investment policy established by the state  
14 investment board.

15 (6) When appropriate for investment purposes, the state investment  
16 board may commingle money in the fund with other funds.

17 (7) The authority to establish all policies relating to the  
18 benefits account, other than the investment policies set forth in this  
19 section, resides with the law enforcement officers' and firefighters'  
20 plan 2 retirement board. Other than investments by and expenses of the  
21 state investment board, disbursements from this fund may be made only  
22 on the authorization of the law enforcement officers' and firefighters'  
23 plan 2 retirement board for purposes of funding the member, employer,  
24 and state cost of financing benefits enacted by the legislature.

25 (8) The state investment board shall routinely consult with and  
26 communicate with the law enforcement officers' and firefighters' plan  
27 2 retirement board on the investment policy, earnings of the trust, and  
28 related needs of the benefits account.

29 (9) Funds in the benefits account cannot be used to finance future  
30 benefit improvements if the state actuary determines that the actuarial  
31 present value of fully projected benefits for current and future  
32 members for all benefits being financed from this account exceeds the  
33 actuarial present value of the revenue provided under RCW 41.26.802 and  
34 the accrued earnings of the benefits account. When making the  
35 determination under this subsection, the state actuary shall select  
36 assumptions and methods to reduce the risk that the actual revenue  
37 received is less than the assumed revenue.

1       (10) In the event that the funds appropriated and deposited into  
2 the benefits account pursuant to RCW 41.26.800 are inadequate to  
3 support benefit improvements previously adopted pursuant to this  
4 section, any unfunded costs shall be funded through a contribution rate  
5 adopted by the board, subject to revision by the legislature, and  
6 distributed to employees, employers, and the state in the same manner  
7 as specified in RCW 41.26.725.

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