
HOUSE BILL 2441

State of Washington 62nd Legislature 2012 Regular Session

By Representatives Bailey and Alexander

Read first time 01/13/12. Referred to Committee on Ways & Means.

1 AN ACT Relating to limiting the impact of excess compensation on
2 state retirement system contribution rates; and amending RCW 41.50.150.

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

4 **Sec. 1.** RCW 41.50.150 and 2004 c 242 s 47 are each amended to read
5 as follows:

6 (1) The employer of any employee whose retirement benefits are
7 based in part on excess compensation, as defined in this section,
8 shall, upon receipt of a billing from the department, pay into the
9 appropriate retirement system the present value at the time of the
10 employee's retirement of the total estimated cost of all present and
11 future benefits from the retirement system attributable to the excess
12 compensation. The state actuary shall determine the estimated cost
13 using the same method and procedure as is used in preparing fiscal note
14 costs for the legislature. However, the director may in the director's
15 discretion decline to bill the employer if the amount due is less than
16 fifty dollars. Accounts unsettled within thirty days of the receipt of
17 the billing shall be assessed an interest penalty of one percent of the
18 amount due for each month or fraction thereof beyond the original
19 thirty-day period.

1 (2) "Excess compensation," as used in this section, includes the
2 following payments, if used in the calculation of the employee's
3 retirement allowance:

4 (a) A cash out of unused annual leave in excess of two hundred
5 forty hours of such leave. "Cash out" for purposes of this subsection
6 means:

7 (i) Any payment in lieu of an accrual of annual leave; or

8 (ii) Any payment added to salary or wages, concurrent with a
9 reduction of annual leave;

10 (b) A cash out of any other form of leave;

11 (c) A payment for, or in lieu of, any personal expense or
12 transportation allowance to the extent that payment qualifies as
13 reportable compensation in the member's retirement system;

14 (d) The portion of any payment, including overtime payments, that
15 exceeds twice the regular daily or hourly rate of pay; (~~and~~)

16 (e) The portion of total reportable compensation used in the
17 calculation of the employee's retirement allowance that exceeds one and
18 one-half times the employee's reportable compensation over the
19 calculation period, excluding reportable compensation from overtime,
20 bonuses, cash outs of any form of leave, or lump-sum payments; and

21 (f) Any termination or severance payment.

22 (3) This section applies to the retirement systems listed in RCW
23 41.50.030 and to retirements occurring on or after March 15, 1984.
24 Nothing in this section is intended to amend or determine the meaning
25 of any definition in chapter 2.10, 2.12, 41.26, 41.32, 41.40, 41.35,
26 41.37, or 43.43 RCW or to determine in any manner what payments are
27 includable in the calculation of a retirement allowance under such
28 chapters.

29 (4) An employer is not relieved of liability under this section
30 because of the death of any person either before or after the billing
31 from the department.

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