

2SHB 1661 - S COMM AMD  
By Committee on Ways & Means

ADOPTED 03/06/2020

1 Strike everything after the enacting clause and insert the  
2 following:

3 "NEW SECTION. **Sec. 1.** (1) The legislature finds that:

4 (a) Chapter 47, Laws of 2011 1st sp. sess. (Engrossed Substitute  
5 House Bill No. 1981) established a framework to allow the state's  
6 institutions of higher education to begin funding the unfunded  
7 portion of the defined benefit component of the higher education  
8 retirement plans.

9 (b) Moneys in the fund are being invested in short-term assets  
10 with low rates of return because there is no stated or clear pathway  
11 for when these funds will be used to pay benefits and that a stated  
12 strategy would allow these funds to be invested at a higher rate of  
13 return.

14 (c) The first actuarial analysis of the plans was completed in  
15 2016, which provided information about projected future costs and  
16 potential institution specific rates that would allow benefits to be  
17 paid from the fund beginning in 2035.

18 (2) Therefore, the legislature intends the following:

19 (a) To establish institution specific contribution rates for each  
20 institutions of higher education supplemental benefit plan.

21 (b) The pension funding council will adjust the institution  
22 specific rates periodically based on updated experience and actuarial  
23 analyses to maintain progress towards funding the actuarial  
24 liabilities of each institution and to allow payment from the funds  
25 by 2035.

26 (c) Future contribution rates represent the cost of paying on a  
27 combined prefunded and pay-as-you-go basis in a way that reduces the  
28 year-to-year changes in cost that the higher education retirement  
29 plan supplemental benefit has under current law.

30 (d) The department of retirement systems assumes responsibility  
31 for administering the higher education retirement plan supplemental

1 benefit fund when sufficient assets have been accumulated, as  
2 determined by the pension funding council.

3 (e) When sufficient funding has been accumulated to begin making  
4 benefit payments that the payments be made solely from that  
5 institution's portion of the higher education retirement plan  
6 supplemental benefit fund.

7 (f) That moneys in the fund be invested in a way to maximize  
8 returns.

9 **Sec. 2.** RCW 28B.10.423 and 2012 c 229 s 516 are each amended to  
10 read as follows:

11 (1) For employees who are first employed by an institution of  
12 higher education in a position eligible for participation in an old  
13 age annuities or retirement income plan under this chapter prior to  
14 July 1, 2011, it is the intent of RCW 28B.10.400, 28B.10.405,  
15 28B.10.410, 28B.10.415, and 28B.10.420(~~(7)~~) and (~~(28B.10.423)~~) this  
16 section that the retirement income resulting from the contributions  
17 described herein from the state of Washington and the employee shall  
18 be projected actuarially so that it shall not exceed sixty percent of  
19 the average of the highest two consecutive years salary. Periodic  
20 review of the retirement systems established pursuant to RCW  
21 28B.10.400, 28B.10.405, 28B.10.410, 28B.10.415, and 28B.10.420(~~(7)~~)  
22 and (~~(28B.10.423)~~) this section will be undertaken at such time and  
23 in such manner as determined by the committees on ways and means of  
24 the senate and of the house of representatives, the select committee  
25 on pension policy, and the pension funding council, and joint  
26 contribution rates will be adjusted if necessary to accomplish this  
27 intent.

28 (2) Beginning July 1, 2011, state funding for annuity or  
29 retirement income plans under RCW 28B.10.400 shall not exceed six  
30 percent of salary. The state board for community and technical  
31 colleges and the student achievement council are exempt from the  
32 provisions of this subsection (2).

33 (3) By June 30, 2013, and every two years thereafter, each  
34 institution of higher education that is responsible for payment of  
35 supplemental amounts under RCW 28B.10.400(1)(c) shall contract with  
36 the state actuary under chapter 41.44 RCW for an actuarial valuation  
37 of their supplemental benefit plan. By June 30, 2013, and at least  
38 once every six years thereafter, each institution shall also contract  
39 with the state actuary under chapter 41.44 RCW for an actuarial

1 experience study of the mortality, service, compensation, and other  
2 experience of the annuity or retirement income plans created in this  
3 chapter, and into the financial condition of each system. At the  
4 discretion of the state actuary, the valuation or experience study  
5 may be performed by the state actuary or by an outside actuarial firm  
6 under contract to the office of the state actuary. Each institution  
7 of higher education is required to provide the data and information  
8 required for the performance of the valuation or experience study to  
9 the office of the state actuary or to the actuary performing the  
10 study on behalf of the state actuary. The state actuary may charge  
11 each institution for the actual cost of the valuation or experience  
12 study through an interagency agreement. Upon completion of the  
13 valuation or experience study, the state actuary shall provide copies  
14 of the study to the institution of higher education and to the select  
15 committee on pension policy and the pension funding council.

16 ~~(4) (a) ((A higher education retirement plan supplemental benefit~~  
17 ~~fund is created in the custody of the state treasurer for the purpose~~  
18 ~~of funding future benefit obligations of higher education retirement~~  
19 ~~plan supplemental benefits. The state investment board has the full~~  
20 ~~power to invest, reinvest, manage, contract, sell, or exchange~~  
21 ~~investment money in the fund.~~

22 ~~(b))~~ From January 1, 2012, through June 30, 2013, an employer  
23 contribution rate of one-quarter of one percent of salary is  
24 established to begin prefunding the unfunded future obligations of  
25 the supplemental benefit established in RCW 28B.10.400.

26 ~~((e))~~ (b) Beginning July 1, 2013, an employer contribution rate  
27 of one-half of one percent of salary is established to prefund the  
28 unfunded future obligations of the supplemental benefit established  
29 in RCW 28B.10.400.

30 ~~((d))~~ (c) (i) Beginning July 1, 2020, the employer contribution  
31 rates for each state institution of higher education are as follows:

32 University of Washington: 0.38 percent

33 Washington State University: 0.30 percent

34 Western Washington University: 0.21 percent

35 Eastern Washington University: 0.28 percent

36 Central Washington University: 0.00 percent

37 The Evergreen State College: 0.23 percent

38 State board for community and technical colleges: 0.13 percent

1 (ii) The contribution rates established in this section may be  
2 changed by rates adopted by the pension funding council beginning  
3 July 1, 2021, consistent with (e) of this subsection.

4 (iii) The rates in this subsection (4) are subject to the limit  
5 established in subsection (2) of this section.

6 (d) Consistent with chapter 41.50 RCW, the department of  
7 retirement systems shall collect the employer contribution rates  
8 established in this section from each state institution of higher  
9 education, and deposit those contributions into the higher education  
10 retirement plan supplemental benefit fund under RCW 41.50.075(6). The  
11 contributions made by each employer into the higher education  
12 retirement plan supplemental benefit fund and the earnings on those  
13 contributions shall be accounted for separately within the fund.

14 (e) Following the completion and review of the ((initial))  
15 actuarial valuations and experience study conducted pursuant to  
16 subsection (3) of this section, the pension funding council may(÷

17 ~~(i) Adopt~~), by July 31, 2020, and every two years thereafter,  
18 adopt and make changes to the employer contribution rates established  
19 in this subsection consistent with the procedures established in  
20 chapter 41.45 RCW. If the actuarial valuations of the higher  
21 education retirement plans of each institution contributing to the  
22 higher education retirement plan supplemental benefit fund suggest  
23 that different contribution rates are appropriate for each  
24 institution, different rates may be adopted. Rates adopted by the  
25 pension funding council are subject to revision by the legislature((÷

26 ~~(ii) Recommend legislation that will, upon accumulation of~~  
27 ~~sufficient funding in the higher education retirement plan~~  
28 ~~supplemental benefit fund, transfer the responsibility for making~~  
29 ~~supplemental benefit payments to the department of retirement~~  
30 ~~systems, and adjust employer contribution rates to reflect the~~  
31 ~~transfer of responsibility)).~~

32 (f) (i) The rates adopted by the pension funding council must be  
33 designed to keep the cost of the higher education retirement plan  
34 supplemental benefits at a more level percentage of pay than a pay-  
35 as-you-go method. This more level percentage of pay of costs means a  
36 combination of the cost of supplemental benefits paid by the  
37 institution directly, plus the cost of contributions to the higher  
38 education retirement plan supplemental benefit fund. Contributions  
39 shall continue until the projected value of the funds equals the  
40 projected cost of future benefits for the institution.

1 (ii) Funds are anticipated to be accumulated in the higher  
2 education retirement plan supplemental benefit fund, and not expended  
3 on benefits until approximately the year 2035.

4 (iii) The pension funding council, in consultation with the state  
5 actuary, may choose and occasionally revise, a funding method  
6 designed to achieve these objectives.

7 **Sec. 3.** RCW 41.45.050 and 2004 c 242 s 38 are each amended to  
8 read as follows:

9 (1) Employers of members of the public employees' retirement  
10 system, the teachers' retirement system, the school employees'  
11 retirement system, the public safety employees' retirement system,  
12 ~~((and))~~ the Washington state patrol retirement system, and the higher  
13 education retirement plans shall make contributions to those systems  
14 and plans based on the rates established in RCW 41.45.060 and  
15 41.45.070.

16 (2) The state shall make contributions to the law enforcement  
17 officers' and firefighters' retirement system plan 2 based on the  
18 rates established in RCW 41.45.060 and 41.45.070. The state treasurer  
19 shall transfer the required contributions each month on the basis of  
20 salary data provided by the department.

21 (3) The department shall bill employers, and the state shall make  
22 contributions to the law enforcement officers' and firefighters'  
23 retirement system plan 2, using the combined rates established in RCW  
24 41.45.060 and 41.45.070 regardless of the level of appropriation  
25 provided in the biennial budget. Any member of an affected retirement  
26 system may, by mandamus or other appropriate proceeding, require the  
27 transfer and payment of funds as directed in this section.

28 (4) The contributions received for the public employees'  
29 retirement system shall be allocated between the public employees'  
30 retirement system plan 1 fund and the public employees' retirement  
31 system combined plan 2 and plan 3 fund as follows: The contributions  
32 necessary to fully fund the public employees' retirement system  
33 combined plan 2 and plan 3 employer contribution shall first be  
34 deposited in the public employees' retirement system combined plan 2  
35 and plan 3 fund. All remaining public employees' retirement system  
36 employer contributions shall be deposited in the public employees'  
37 retirement system plan 1 fund.

38 (5) The contributions received for the teachers' retirement  
39 system shall be allocated between the plan 1 fund and the combined

1 plan 2 and plan 3 fund as follows: The contributions necessary to  
2 fully fund the combined plan 2 and plan 3 employer contribution shall  
3 first be deposited in the combined plan 2 and plan 3 fund. All  
4 remaining teachers' retirement system employer contributions shall be  
5 deposited in the plan 1 fund.

6 (6) The contributions received for the school employees'  
7 retirement system shall be allocated between the public employees'  
8 retirement system plan 1 fund and the school employees' retirement  
9 system combined plan 2 and plan 3 fund as follows: The contributions  
10 necessary to fully fund the combined plan 2 and plan 3 employer  
11 contribution shall first be deposited in the combined plan 2 and plan  
12 3 fund. All remaining school employees' retirement system employer  
13 contributions shall be deposited in the public employees' retirement  
14 system plan 1 fund.

15 (7) The contributions received for the law enforcement officers'  
16 and firefighters' retirement system plan 2 shall be deposited in the  
17 law enforcement officers' and firefighters' retirement system plan 2  
18 fund.

19 (8) The contributions received for the public safety employees'  
20 retirement system shall be allocated between the public employees'  
21 retirement system plan 1 fund and the public safety employees'  
22 retirement system plan 2 fund as follows: The contributions necessary  
23 to fully fund the plan 2 employer contribution shall first be  
24 deposited in the plan 2 fund. All remaining public safety employees'  
25 retirement system employer contributions shall be deposited in the  
26 public employees' retirement system plan 1 fund.

27 (9) The contributions received for the higher education  
28 retirement plan supplemental benefit fund shall be deposited in the  
29 higher education retirement plan supplemental benefit fund and  
30 amounts received from each institution accounted for separately and  
31 shall only be used to make benefit payments to the beneficiaries of  
32 that institution's plan.

33 **Sec. 4.** RCW 41.45.060 and 2009 c 561 s 3 are each amended to  
34 read as follows:

35 (1) The state actuary shall provide preliminary actuarial  
36 valuation results based on the economic assumptions and asset value  
37 smoothing technique included in RCW 41.45.035 or adopted under RCW  
38 41.45.030 or 41.45.035.

1 (2) Not later than July 31, 2008, and every two years thereafter,  
2 consistent with the economic assumptions and asset value smoothing  
3 technique included in RCW 41.45.035 or adopted under RCW 41.45.030 or  
4 41.45.035, the council shall adopt and may make changes to:

5 (a) A basic state contribution rate for the law enforcement  
6 officers' and firefighters' retirement system plan 1;

7 (b) Basic employer contribution rates for the public employees'  
8 retirement system, the teachers' retirement system, and the  
9 Washington state patrol retirement system; and

10 (c) Basic employer contribution rates for the school employees'  
11 retirement system and the public safety employees' retirement system  
12 for funding both those systems and the public employees' retirement  
13 system plan 1.

14 The council may adopt annual rate changes for any plan for any  
15 rate-setting period. The contribution rates adopted by the council  
16 shall be subject to revision by the legislature.

17 (3) The employer and state contribution rates adopted by the  
18 council shall be the level percentages of pay that are needed:

19 (a) To fully amortize the total costs of the law enforcement  
20 officers' and firefighters' retirement system plan 1 not later than  
21 June 30, 2024;

22 (b) To fully fund the public employees' retirement system plans 2  
23 and 3, the teachers' retirement system plans 2 and 3, the public  
24 safety employees' retirement system plan 2, and the school employees'  
25 retirement system plans 2 and 3 in accordance with RCW 41.45.061,  
26 41.45.067, and this section; and

27 (c) To fully fund the public employees' retirement system plan 1  
28 and the teachers' retirement system plan 1 in accordance with RCW  
29 41.45.070, 41.45.150, and this section.

30 (4) The aggregate actuarial cost method shall be used to  
31 calculate a combined plan 2 and 3 normal cost, a Washington state  
32 patrol retirement system normal cost, and a public safety employees'  
33 retirement system normal cost.

34 (5) A modified entry age normal cost method, as set forth in this  
35 chapter, shall be used to calculate employer contributions to the  
36 public employees' retirement system plan 1 and the teachers'  
37 retirement system plan 1.

38 (6) The employer contribution rate for the public employees'  
39 retirement system and the school employees' retirement system shall  
40 equal the sum of:

1 (a) The amount required to pay the combined plan 2 and plan 3  
2 normal cost for the system, subject to any minimum rates applied  
3 pursuant to RCW 41.45.155; plus

4 (b) The amount required to amortize the unfunded actuarial  
5 accrued liability in plan 1 of the public employees' retirement  
6 system over a rolling ten-year period using projected future salary  
7 growth and growth in system membership, and subject to any minimum or  
8 maximum rates applied pursuant to RCW 41.45.150; plus

9 (c) The amounts required to amortize the costs of any benefit  
10 improvements in plan 1 of the public employees' retirement system  
11 that become effective after June 30, 2009. The cost of each benefit  
12 improvement shall be amortized over a fixed ten-year period using  
13 projected future salary growth and growth in system membership. The  
14 amounts required under this subsection are not subject to, and are  
15 collected in addition to, any minimum or maximum rates applied  
16 pursuant to RCW 41.45.150.

17 (7) The employer contribution rate for the public safety  
18 employees' retirement system shall equal the sum of:

19 (a) The amount required to pay the normal cost for the system,  
20 subject to any minimum rates applied pursuant to RCW 41.45.155; plus

21 (b) The amount required to amortize the unfunded actuarial  
22 accrued liability in plan 1 of the public employees' retirement  
23 system over a rolling ten-year period using projected future salary  
24 growth and growth in system membership, and subject to any minimum or  
25 maximum rates applied pursuant to RCW 41.45.150; plus

26 (c) The amounts required to amortize the costs of any benefit  
27 improvements in plan 1 of the public employees' retirement system  
28 that become effective after June 30, 2009. The cost of each benefit  
29 improvement shall be amortized over a fixed ten-year period using  
30 projected future salary growth and growth in system membership. The  
31 amounts required under this subsection are not subject to, and are  
32 collected in addition to, any minimum or maximum rates applied  
33 pursuant to RCW 41.45.150.

34 (8) The employer contribution rate for the teachers' retirement  
35 system shall equal the sum of:

36 (a) The amount required to pay the combined plan 2 and plan 3  
37 normal cost for the system, subject to any minimum rates applied  
38 pursuant to RCW 41.45.155; plus

39 (b) The amount required to amortize the unfunded actuarial  
40 accrued liability in plan 1 of the teachers' retirement system over a



1 rolling ten-year period using projected future salary growth and  
2 growth in system membership, and subject to any minimum or maximum  
3 rates applied pursuant to RCW 41.45.150; plus

4 (c) The amounts required to amortize the costs of any benefit  
5 improvements in plan 1 of the teachers' retirement system that become  
6 effective after June 30, 2009. The cost of each benefit improvement  
7 shall be amortized over a fixed ten-year period using projected  
8 future salary growth and growth in system membership. The amounts  
9 required under this subsection are not subject to, and are collected  
10 in addition to, any minimum or maximum rates applied pursuant to RCW  
11 41.45.150.

12 (9) The employer contribution rate for each of the institutions  
13 of higher education for the higher education supplemental retirement  
14 benefits must be sufficient to fund, as a level percentage of pay, a  
15 portion of the projected cost of the supplemental retirement benefits  
16 for the institution beginning in 2035, with the other portion  
17 supported on a pay-as-you-go basis, either as direct payments by each  
18 institution to retirees, or as contributions to the higher education  
19 retirement plan supplemental benefit fund. Contributions must  
20 continue until the council determines that the institution for higher  
21 education supplemental retirement benefit liabilities are satisfied.

22 (10) The council shall immediately notify the directors of the  
23 office of financial management and department of retirement systems  
24 of the state and employer contribution rates adopted. The rates shall  
25 be effective for the ensuing biennial period, subject to any  
26 legislative modifications.

27 (~~(10)~~) (11) The director shall collect those rates adopted by  
28 the council. The rates established in RCW 41.45.062, or by the  
29 council, shall be subject to revision by the legislature.

30 (~~(11)~~) (12) The state actuary shall prepare final actuarial  
31 valuation results based on the economic assumptions, asset value  
32 smoothing technique, and contribution rates included in or adopted  
33 under RCW 41.45.030, 41.45.035, and this section.

34 **Sec. 5.** RCW 41.50.075 and 2004 c 242 s 44 are each amended to  
35 read as follows:

36 (1) Two funds are hereby created and established in the state  
37 treasury to be known as the Washington law enforcement officers' and  
38 firefighters' system plan 1 retirement fund, and the Washington law  
39 enforcement officers' and firefighters' system plan 2 retirement fund

1 which shall consist of all moneys paid into them in accordance with  
2 the provisions of this chapter and chapter 41.26 RCW, whether such  
3 moneys take the form of cash, securities, or other assets. The plan 1  
4 fund shall consist of all moneys paid to finance the benefits  
5 provided to members of the law enforcement officers' and  
6 firefighters' retirement system plan 1, and the plan 2 fund shall  
7 consist of all moneys paid to finance the benefits provided to  
8 members of the law enforcement officers' and firefighters' retirement  
9 system plan 2.

10 (2) All of the assets of the Washington state teachers'  
11 retirement system shall be credited according to the purposes for  
12 which they are held, to two funds to be maintained in the state  
13 treasury, namely, the teachers' retirement system plan 1 fund and the  
14 teachers' retirement system combined plan 2 and 3 fund. The plan 1  
15 fund shall consist of all moneys paid to finance the benefits  
16 provided to members of the Washington state teachers' retirement  
17 system plan 1, and the combined plan 2 and 3 fund shall consist of  
18 all moneys paid to finance the benefits provided to members of the  
19 Washington state teachers' retirement system plan 2 and 3.

20 (3) There is hereby established in the state treasury two  
21 separate funds, namely the public employees' retirement system plan 1  
22 fund and the public employees' retirement system combined plan 2 and  
23 plan 3 fund. The plan 1 fund shall consist of all moneys paid to  
24 finance the benefits provided to members of the public employees'  
25 retirement system plan 1, and the combined plan 2 and plan 3 fund  
26 shall consist of all moneys paid to finance the benefits provided to  
27 members of the public employees' retirement system plans 2 and 3.

28 (4) There is hereby established in the state treasury the school  
29 employees' retirement system combined plan 2 and 3 fund. The combined  
30 plan 2 and 3 fund shall consist of all moneys paid to finance the  
31 benefits provided to members of the school employees' retirement  
32 system plan 2 and plan 3.

33 (5) There is hereby established in the state treasury the public  
34 safety employees' retirement system plan 2 fund. The plan 2 fund  
35 shall consist of all moneys paid to finance the benefits provided to  
36 members of the public safety employees' retirement system plan 2.

37 (6) (a) (i) There is hereby established in the state treasury the  
38 higher education retirement plan supplemental benefit fund. The  
39 higher education retirement plan supplemental benefit fund shall

1 consist of all moneys paid to finance the benefits provided to  
2 members of each of the higher education retirement plans.

3 (ii) The fund in this subsection (6) was originally created under  
4 chapter 47, Laws of 2011 1st sp. sess. (Engrossed Substitute House  
5 Bill No. 1981).

6 (b) The office of financial management must create individual  
7 accounts for each institution of higher education within the higher  
8 education retirement plan supplemental benefit fund. For fiscal year  
9 2021, the office of financial management must transfer all the assets  
10 of the higher education retirement plan supplemental benefit fund  
11 into the individual accounts for each institution that will be used  
12 to manage the accounting for each benefit plan. The higher education  
13 retirement plan supplemental benefit fund will include all the  
14 amounts in the individual accounts created in this subsection.

15 NEW SECTION. Sec. 6. A new section is added to chapter 41.50  
16 RCW to read as follows:

17 (1) On July 1st of the fiscal year following a determination by  
18 the pension funding council that a higher education institution has  
19 sufficiently funded the liabilities of that institution through  
20 contributions to the higher education retirement plan supplemental  
21 benefit fund, the department shall assume responsibility for making  
22 benefit payments to higher education retirement plan supplemental  
23 beneficiaries for that institution from the portion of the higher  
24 education retirement plan supplemental benefit fund attributed to the  
25 individual institution.

26 (2) Immediately following the determination by the pension  
27 funding council under RCW 41.45.060(9) that an institution  
28 participating in the higher education retirement plan supplemental  
29 benefits has sufficiently funded the benefits of the plan that higher  
30 education institution:

31 (a) Must provide any data and assistance requested by the  
32 department to facilitate the transition of responsibility for making  
33 benefit payments to higher education retirement plan members eligible  
34 for supplemental benefit payments; and

35 (b) Is governed by the provisions of RCW 41.50.110.

36 (3) On the date that the department assumes responsibility for  
37 benefit payments under subsection (1) of this section, the department  
38 shall assess contributions to the department of retirement systems'  
39 expense fund under RCW 41.50.110(3) for active participants in the

1 higher education retirement plan. Contributions to the expense fund  
2 for higher education retirement plan members must end when there are  
3 no longer retirees or beneficiaries from an institution receiving  
4 payments administered by the department.

5 (4) (a) Upon the department's assumption of responsibility for  
6 making benefit payments from an institution's higher education  
7 retirement plan, the institution shall submit to the department the  
8 benefit level for current higher education retirement plan  
9 supplemental beneficiaries, and each month following the department's  
10 assumption of responsibility for making benefit payments to an  
11 institution's higher education retirement plan supplemental  
12 beneficiaries, the institution shall submit to the department  
13 information on any new retirees covered by the higher education  
14 retirement plan supplemental benefit. The submission shall include  
15 all data relevant to the calculation of a supplemental benefit for  
16 each retiree, and the benefit that the institution determines the  
17 individual qualifies to receive. No later than January 1st, following  
18 the funding determination in RCW 41.45.060(9) that begins the  
19 transition of responsibility for benefit payments to the department,  
20 the department shall provide the institution with a notice of what  
21 data will be required to determine higher education retirement plan  
22 supplemental benefit determinations for future retirees.

23 (b) The department shall review the information provided by the  
24 institution for each retiring higher education retirement plan member  
25 eligible for the supplemental benefit and determine the supplemental  
26 benefit amount the member is eligible to receive, if any.

27 (c) In the event that the department is not provided with all  
28 data required by the notice in (a) of this subsection, the  
29 institution of higher education will remain responsible for payment  
30 of higher education retirement plan supplemental benefits to that  
31 member. In addition, the collection of overpayments and error  
32 correction provisions of this chapter apply in the event that the  
33 department makes supplemental benefit payments based on incomplete or  
34 inaccurate data provided by an institution.

35 **Sec. 7.** RCW 43.84.092 and 2019 c 421 s 15, 2019 c 403 s 14, 2019  
36 c 365 s 19, 2019 c 287 s 19, and 2019 c 95 s 6 are each reenacted and  
37 amended to read as follows:

1 (1) All earnings of investments of surplus balances in the state  
2 treasury shall be deposited to the treasury income account, which  
3 account is hereby established in the state treasury.

4 (2) The treasury income account shall be utilized to pay or  
5 receive funds associated with federal programs as required by the  
6 federal cash management improvement act of 1990. The treasury income  
7 account is subject in all respects to chapter 43.88 RCW, but no  
8 appropriation is required for refunds or allocations of interest  
9 earnings required by the cash management improvement act. Refunds of  
10 interest to the federal treasury required under the cash management  
11 improvement act fall under RCW 43.88.180 and shall not require  
12 appropriation. The office of financial management shall determine the  
13 amounts due to or from the federal government pursuant to the cash  
14 management improvement act. The office of financial management may  
15 direct transfers of funds between accounts as deemed necessary to  
16 implement the provisions of the cash management improvement act, and  
17 this subsection. Refunds or allocations shall occur prior to the  
18 distributions of earnings set forth in subsection (4) of this  
19 section.

20 (3) Except for the provisions of RCW 43.84.160, the treasury  
21 income account may be utilized for the payment of purchased banking  
22 services on behalf of treasury funds including, but not limited to,  
23 depository, safekeeping, and disbursement functions for the state  
24 treasury and affected state agencies. The treasury income account is  
25 subject in all respects to chapter 43.88 RCW, but no appropriation is  
26 required for payments to financial institutions. Payments shall occur  
27 prior to distribution of earnings set forth in subsection (4) of this  
28 section.

29 (4) Monthly, the state treasurer shall distribute the earnings  
30 credited to the treasury income account. The state treasurer shall  
31 credit the general fund with all the earnings credited to the  
32 treasury income account except:

33 (a) The following accounts and funds shall receive their  
34 proportionate share of earnings based upon each account's and fund's  
35 average daily balance for the period: The abandoned recreational  
36 vehicle disposal account, the aeronautics account, the aircraft  
37 search and rescue account, the Alaskan Way viaduct replacement  
38 project account, the brownfield redevelopment trust fund account, the  
39 budget stabilization account, the capital vessel replacement account,  
40 the capitol building construction account, the Cedar River channel

1 construction and operation account, the Central Washington University  
2 capital projects account, the charitable, educational, penal and  
3 reformatory institutions account, the Chehalis basin account, the  
4 cleanup settlement account, the Columbia river basin water supply  
5 development account, the Columbia river basin taxable bond water  
6 supply development account, the Columbia river basin water supply  
7 revenue recovery account, the common school construction fund, the  
8 community forest trust account, the connecting Washington account,  
9 the county arterial preservation account, the county criminal justice  
10 assistance account, the deferred compensation administrative account,  
11 the deferred compensation principal account, the department of  
12 licensing services account, the department of licensing tuition  
13 recovery trust fund, the department of retirement systems expense  
14 account, the developmental disabilities community trust account, the  
15 diesel idle reduction account, the drinking water assistance account,  
16 the drinking water assistance administrative account, the early  
17 learning facilities development account, the early learning  
18 facilities revolving account, the Eastern Washington University  
19 capital projects account, the education construction fund, the  
20 education legacy trust account, the election account, the electric  
21 vehicle account, the energy freedom account, the energy recovery act  
22 account, the essential rail assistance account, The Evergreen State  
23 College capital projects account, the federal forest revolving  
24 account, the ferry bond retirement fund, the freight mobility  
25 investment account, the freight mobility multimodal account, the  
26 grade crossing protective fund, the public health services account,  
27 the state higher education construction account, the higher education  
28 construction account, the higher education retirement plan  
29 supplemental benefit fund, the highway bond retirement fund, the  
30 highway infrastructure account, the highway safety fund, the hospital  
31 safety net assessment fund, the industrial insurance premium refund  
32 account, the Interstate 405 and state route number 167 express toll  
33 lanes account, the judges' retirement account, the judicial  
34 retirement administrative account, the judicial retirement principal  
35 account, the local leasehold excise tax account, the local real  
36 estate excise tax account, the local sales and use tax account, the  
37 marine resources stewardship trust account, the medical aid account,  
38 the mobile home park relocation fund, the money-purchase retirement  
39 savings administrative account, the money-purchase retirement savings  
40 principal account, the motor vehicle fund, the motorcycle safety

1 education account, the multimodal transportation account, the  
2 multiuse roadway safety account, the municipal criminal justice  
3 assistance account, the natural resources deposit account, the oyster  
4 reserve land account, the pension funding stabilization account, the  
5 perpetual surveillance and maintenance account, the pollution  
6 liability insurance agency underground storage tank revolving  
7 account, the public employees' retirement system plan 1 account, the  
8 public employees' retirement system combined plan 2 and plan 3  
9 account, the public facilities construction loan revolving account  
10 beginning July 1, 2004, the public health supplemental account, the  
11 public works assistance account, the Puget Sound capital construction  
12 account, the Puget Sound ferry operations account, the Puget Sound  
13 Gateway facility account, the Puget Sound taxpayer accountability  
14 account, the real estate appraiser commission account, the  
15 recreational vehicle account, the regional mobility grant program  
16 account, the resource management cost account, the rural arterial  
17 trust account, the rural mobility grant program account, the rural  
18 Washington loan fund, the sexual assault prevention and response  
19 account, the site closure account, the skilled nursing facility  
20 safety net trust fund, the small city pavement and sidewalk account,  
21 the special category C account, the special wildlife account, the  
22 state employees' insurance account, the state employees' insurance  
23 reserve account, the state investment board expense account, the  
24 state investment board commingled trust fund accounts, the state  
25 patrol highway account, the state route number 520 civil penalties  
26 account, the state route number 520 corridor account, the state  
27 wildlife account, the statewide broadband account, the statewide  
28 tourism marketing account, the student achievement council tuition  
29 recovery trust fund, the supplemental pension account, the Tacoma  
30 Narrows toll bridge account, the teachers' retirement system plan 1  
31 account, the teachers' retirement system combined plan 2 and plan 3  
32 account, the tobacco prevention and control account, the tobacco  
33 settlement account, the toll facility bond retirement account, the  
34 transportation 2003 account (nickel account), the transportation  
35 equipment fund, the transportation future funding program account,  
36 the transportation improvement account, the transportation  
37 improvement board bond retirement account, the transportation  
38 infrastructure account, the transportation partnership account, the  
39 traumatic brain injury account, the tuition recovery trust fund, the  
40 University of Washington bond retirement fund, the University of

1 Washington building account, the voluntary cleanup account, the  
2 volunteer firefighters' and reserve officers' relief and pension  
3 principal fund, the volunteer firefighters' and reserve officers'  
4 administrative fund, the vulnerable roadway user education account,  
5 the Washington judicial retirement system account, the Washington law  
6 enforcement officers' and firefighters' system plan 1 retirement  
7 account, the Washington law enforcement officers' and firefighters'  
8 system plan 2 retirement account, the Washington public safety  
9 employees' plan 2 retirement account, the Washington school  
10 employees' retirement system combined plan 2 and 3 account, the  
11 Washington state health insurance pool account, the Washington state  
12 patrol retirement account, the Washington State University building  
13 account, the Washington State University bond retirement fund, the  
14 water pollution control revolving administration account, the water  
15 pollution control revolving fund, the Western Washington University  
16 capital projects account, the Yakima integrated plan implementation  
17 account, the Yakima integrated plan implementation revenue recovery  
18 account, and the Yakima integrated plan implementation taxable bond  
19 account. Earnings derived from investing balances of the agricultural  
20 permanent fund, the normal school permanent fund, the permanent  
21 common school fund, the scientific permanent fund, the state  
22 university permanent fund, and the state reclamation revolving  
23 account shall be allocated to their respective beneficiary accounts.

24 (b) Any state agency that has independent authority over accounts  
25 or funds not statutorily required to be held in the state treasury  
26 that deposits funds into a fund or account in the state treasury  
27 pursuant to an agreement with the office of the state treasurer shall  
28 receive its proportionate share of earnings based upon each account's  
29 or fund's average daily balance for the period.

30 (5) In conformance with Article II, section 37 of the state  
31 Constitution, no treasury accounts or funds shall be allocated  
32 earnings without the specific affirmative directive of this section.

33 NEW SECTION. **Sec. 8.** This act takes effect July 1, 2020."

**2SHB 1661** - S COMM AMD  
By Committee on Ways & Means

**ADOPTED 03/06/2020**



1        On page 1, line 1 of the title, after "plans;" strike the  
2 remainder of the title and insert "amending RCW 28B.10.423,  
3 41.45.050, 41.45.060, and 41.50.075; reenacting and amending RCW  
4 43.84.092; adding a new section to chapter 41.50 RCW; creating a new  
5 section; and providing an effective date."

EFFECT: Modifies the intent section. Modifies the contribution rate for Central Washington University from 0.28 percent to 0.00 percent. Makes corrections to dates and the name of the fund. Removes duplicative provisions. Provides that interest earned is retained rather than transferred to the General Fund. Removes the emergency clause.

--- END ---