
SENATE BILL 6668

State of Washington 64th Legislature 2016 Regular Session

By Senators Hill, Braun, Ericksen, and Hewitt

Read first time 02/25/16. Referred to Committee on Ways & Means.

1 AN ACT Relating to merging the assets, liabilities, and
2 membership of the law enforcement officers' and firefighters'
3 retirement system plan 1 with the teachers' retirement system plan 1
4 and establishing a funding policy for the merged plan; amending RCW
5 41.26.030, 41.26.080, 41.45.010, 41.45.060, 41.45.150, 41.50.055, and
6 41.50.075; reenacting and amending RCW 43.84.092; adding a new
7 section to chapter 41.50 RCW; adding a new section to chapter 41.26
8 RCW; creating new sections; and providing an effective date.

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

10 NEW SECTION. **Sec. 1.** The legislature intends to improve the
11 actuarial soundness of the teachers' retirement system plan 1 while
12 also continuing the state commitment to maintain the actuarial
13 soundness of benefits promised to members of the law enforcement
14 officers' and firefighters' retirement system plan 1 by merging the
15 assets, liabilities, and membership of the law enforcement officers'
16 and firefighters' retirement system plan 1 into the teachers'
17 retirement system plan 1. The legislature further intends that this
18 merger of assets, liabilities, and membership, and any administrative
19 changes necessary to implement the merger, be accomplished in a way
20 that does not impact benefits provided to members of either the

1 teachers' retirement system plan 1 or the law enforcement officers'
2 and firefighters' retirement system plan 1.

3 The legislature further intends that the merger of assets,
4 liabilities, and membership of the teachers' retirement system plan 1
5 and the law enforcement officers' and firefighters' retirement system
6 plan 1 be administered in a way consistent with plan qualification
7 requirements in the federal internal revenue code.

8 NEW SECTION. **Sec. 2.** The assets, liabilities, and membership of
9 the law enforcement officers' and firefighters' retirement system
10 plan 1 are hereby merged into the teachers' retirement system plan 1.

11 (1) All liabilities of the teachers' retirement system plan 1 as
12 defined in chapter 41.32 RCW and as funded pursuant to chapter 41.45
13 RCW remain liabilities of the teachers' retirement system plan 1.
14 This includes all benefits payable to the teachers' retirement system
15 plan 1 members pursuant to chapter 41.32 RCW.

16 (2) All liabilities of the law enforcement officers' and
17 firefighters' retirement system plan 1, as defined in chapter 41.26
18 RCW and as funded pursuant to chapter 41.45 RCW, are made liabilities
19 of the teachers' retirement system plan 1. All pension benefits,
20 including survivor benefits, payable to members of the law
21 enforcement officers' and firefighters' retirement system plan 1
22 pursuant to chapter 41.26 RCW must be paid from the teachers'
23 retirement system plan 1 retirement fund established in RCW
24 41.50.075(3)(a). Following the merger on the effective date of this
25 section, the membership and pension benefits of the law enforcement
26 officers' and firefighters' retirement system plan 1 shall be
27 administered as a separate tier of membership and benefits within the
28 teachers' retirement system plan 1.

29 (3) All liabilities for the law enforcement officers' and
30 firefighters' retirement system plan 1 medical benefits provided
31 pursuant to RCW 41.26.150 remain liabilities of employers, as defined
32 in RCW 41.26.030(14)(a).

33 (4) All assets of both plans are merged as described in RCW
34 41.50.075.

35 NEW SECTION. **Sec. 3.** A new section is added to chapter 41.50
36 RCW to read as follows:

37 (1) The merger of the assets, liabilities, and membership of the
38 teachers' retirement system plan 1 and the law enforcement officers'

1 and firefighters' retirement system plan 1 in section 2 of this act
2 may not impact benefits for members of these plans. Specifically,
3 each member of each of these plans is entitled to receive benefits
4 immediately after the merger on the effective date of this section
5 that are equal to the benefits the member would have been entitled to
6 receive immediately before the merger in accordance with plan terms.
7 If the director determines that any provision of this act directly
8 impacts benefits for members of the teachers' retirement system plan
9 1 or benefits for members of the law enforcement officers' and
10 firefighters' retirement system plan 1, then the department is
11 instructed to administer this act in a way that neither reduces, nor
12 grants additional benefits, for members of those plans. The
13 department may also conduct rule making for this purpose as provided
14 in RCW 41.50.050.

15 (2) The department must submit a request for a determination
16 letter from the internal revenue service indicating the qualified
17 status of the merged plan that results from the merger of assets,
18 liabilities, and membership in section 2 of this act.

19 NEW SECTION. **Sec. 4.** The merger of assets, liabilities, and
20 membership of the teachers' retirement system plan 1 and the law
21 enforcement officers' and firefighters' retirement system plan 1 in
22 section 2 of this act does not impact the disability boards
23 established in RCW 41.26.110 or any official action of those boards.

24 NEW SECTION. **Sec. 5.** The unfunded actuarial accrued liability
25 rate charged to employers in the teachers' retirement system plan 1
26 from September 1, 2016, to August 31, 2017, is 4.24 percent.

27 NEW SECTION. **Sec. 6.** A new section is added to chapter 41.26
28 RCW under the subchapter heading "Plan 1" to read as follows:

29 (1) The assets of the law enforcement officers' and firefighters'
30 system plan 1 retirement fund transferred to the teachers' retirement
31 system plan 1 fund by RCW 41.50.075 shall fund the law enforcement
32 officers' and firefighters' system plan 1 lump sum defined benefit
33 created by this section.

34 (2) Law enforcement officers' and firefighters' plan 1 active
35 members, term-vested members, retirees, and survivors eligible for
36 benefits under the plan 1 provisions of this chapter on the effective
37 date of this section shall be eligible to receive the plan 1 lump sum

1 defined benefit pursuant to the conditions established in this
2 section.

3 (3) The lump sum defined benefit is five thousand dollars per
4 member or survivor, payable on January 3, 2017, or the member's
5 retirement date, whichever is later. In the case of multiple survivor
6 beneficiaries, the lump sum defined benefit shall be divided equally.

7 (4) If a member is active or term-vested, interest on the lump
8 sum defined benefit as determined by the director of retirement
9 systems shall accumulate from January 3, 2017, until distribution to
10 the participant upon retirement from service or for disability. For
11 the purposes of this section, a "term-vested member" is a member who
12 has rendered five years of service, has not withdrawn his or her
13 member contributions, and who has not applied for retirement.

14 (5) If a member dies after the effective date of this section but
15 before distribution of the lump sum defined benefit created in this
16 section occurs, the distribution shall be made according to the
17 member's beneficiary designation under this chapter.

18 (6) The lump sum defined benefit created in this section is
19 subject to RCW 41.26.053.

20 (7) If sections 1 through 5 of this act or this section are held
21 to be invalid, by section 15 of this act or otherwise, recipients of
22 the lump sum defined benefit provided by this section shall no longer
23 be entitled to this benefit and shall be required to return any funds
24 received according to the provisions of RCW 41.50.135, 41.50.136,
25 41.50.137, and 41.50.138.

26 **Sec. 7.** RCW 41.26.030 and 2012 c 236 s 2 are each amended to
27 read as follows:

28 As used in this chapter, unless a different meaning is plainly
29 required by the context:

30 (1) "Accumulated contributions" means the employee's
31 contributions made by a member, including any amount paid under RCW
32 41.50.165(2), plus accrued interest credited thereon.

33 (2) "Actuarial reserve" means a method of financing a pension or
34 retirement plan wherein reserves are accumulated as the liabilities
35 for benefit payments are incurred in order that sufficient funds will
36 be available on the date of retirement of each member to pay the
37 member's future benefits during the period of retirement.

38 (3) "Actuarial valuation" means a mathematical determination of
39 the financial condition of a retirement plan. It includes the

1 computation of the present monetary value of benefits payable to
2 present members, and the present monetary value of future employer
3 and employee contributions, giving effect to mortality among active
4 and retired members and also to the rates of disability, retirement,
5 withdrawal from service, salary and interest earned on investments.

6 (4)(a) "Basic salary" for plan 1 members, means the basic monthly
7 rate of salary or wages, including longevity pay but not including
8 overtime earnings or special salary or wages, upon which pension or
9 retirement benefits will be computed and upon which employer
10 contributions and salary deductions will be based.

11 (b) "Basic salary" for plan 2 members, means salaries or wages
12 earned by a member during a payroll period for personal services,
13 including overtime payments, and shall include wages and salaries
14 deferred under provisions established pursuant to sections 403(b),
15 414(h), and 457 of the United States Internal Revenue Code, but shall
16 exclude lump sum payments for deferred annual sick leave, unused
17 accumulated vacation, unused accumulated annual leave, or any form of
18 severance pay. In any year in which a member serves in the
19 legislature the member shall have the option of having such member's
20 basic salary be the greater of:

21 (i) The basic salary the member would have received had such
22 member not served in the legislature; or

23 (ii) Such member's actual basic salary received for
24 nonlegislative public employment and legislative service combined.
25 Any additional contributions to the retirement system required
26 because basic salary under (b)(i) of this subsection is greater than
27 basic salary under (b)(ii) of this subsection shall be paid by the
28 member for both member and employer contributions.

29 (5)(a) "Beneficiary" for plan 1 members, means any person in
30 receipt of a retirement allowance, disability allowance, death
31 benefit, or any other benefit described herein.

32 (b) "Beneficiary" for plan 2 members, means any person in receipt
33 of a retirement allowance or other benefit provided by this chapter
34 resulting from service rendered to an employer by another person.

35 (6)(a) "Child" or "children" means an unmarried person who is
36 under the age of eighteen or mentally or physically disabled as
37 determined by the department, except a person who is disabled and in
38 the full time care of a state institution, who is:

39 (i) A natural born child;

1 (ii) A stepchild where that relationship was in existence prior
2 to the date benefits are payable under this chapter;

3 (iii) A posthumous child;

4 (iv) A child legally adopted or made a legal ward of a member
5 prior to the date benefits are payable under this chapter; or

6 (v) An illegitimate child legitimized prior to the date any
7 benefits are payable under this chapter.

8 (b) A person shall also be deemed to be a child up to and
9 including the age of twenty years and eleven months while attending
10 any high school, college, or vocational or other educational
11 institution accredited, licensed, or approved by the state, in which
12 it is located, including the summer vacation months and all other
13 normal and regular vacation periods at the particular educational
14 institution after which the child returns to school.

15 (7) "Department" means the department of retirement systems
16 created in chapter 41.50 RCW.

17 (8) "Director" means the director of the department.

18 (9) "Disability board" for plan 1 members means either the county
19 disability board or the city disability board established in RCW
20 41.26.110.

21 (10) "Disability leave" means the period of six months or any
22 portion thereof during which a member is on leave at an allowance
23 equal to the member's full salary prior to the commencement of
24 disability retirement. The definition contained in this subsection
25 shall apply only to plan 1 members.

26 (11) "Disability retirement" for plan 1 members, means the period
27 following termination of a member's disability leave, during which
28 the member is in receipt of a disability retirement allowance.

29 (12) "Domestic partners" means two adults who have registered as
30 domestic partners under RCW 26.60.020.

31 (13) "Employee" means any law enforcement officer or firefighter
32 as defined in subsections (16) and (18) of this section.

33 (14)(a) "Employer" for plan 1 members, means the legislative
34 authority of any city, town, county, or district or the elected
35 officials of any municipal corporation that employs any law
36 enforcement officer and/or firefighter, any authorized association of
37 such municipalities, and, except for the purposes of RCW 41.26.150,
38 any labor guild, association, or organization, which represents the
39 firefighters or law enforcement officers of at least seven cities of
40 over 20,000 population and the membership of each local lodge or

1 division of which is composed of at least sixty percent law
2 enforcement officers or firefighters as defined in this chapter.

3 (b) "Employer" for plan 2 members, means the following entities
4 to the extent that the entity employs any law enforcement officer
5 and/or firefighter:

6 (i) The legislative authority of any city, town, county, or
7 district;

8 (ii) The elected officials of any municipal corporation;

9 (iii) The governing body of any other general authority law
10 enforcement agency; or

11 (iv) A four-year institution of higher education having a fully
12 operational fire department as of January 1, 1996.

13 (c) Except as otherwise specifically provided in this chapter,
14 "employer" does not include a government contractor. For purposes of
15 this subsection, a "government contractor" is any entity, including a
16 partnership, limited liability company, for-profit or nonprofit
17 corporation, or person, that provides services pursuant to a contract
18 with an "employer." The determination whether an employer-employee
19 relationship has been established is not based on the relationship
20 between a government contractor and an "employer," but is based
21 solely on the relationship between a government contractor's employee
22 and an "employer" under this chapter.

23 (15)(a) "Final average salary" for plan 1 members, means (i) for
24 a member holding the same position or rank for a minimum of twelve
25 months preceding the date of retirement, the basic salary attached to
26 such same position or rank at time of retirement; (ii) for any other
27 member, including a civil service member who has not served a minimum
28 of twelve months in the same position or rank preceding the date of
29 retirement, the average of the greatest basic salaries payable to
30 such member during any consecutive twenty-four month period within
31 such member's last ten years of service for which service credit is
32 allowed, computed by dividing the total basic salaries payable to
33 such member during the selected twenty-four month period by twenty-
34 four; (iii) in the case of disability of any member, the basic salary
35 payable to such member at the time of disability retirement; (iv) in
36 the case of a member who hereafter vests pursuant to RCW 41.26.090,
37 the basic salary payable to such member at the time of vesting.

38 (b) "Final average salary" for plan 2 members, means the monthly
39 average of the member's basic salary for the highest consecutive
40 sixty service credit months of service prior to such member's

1 retirement, termination, or death. Periods constituting authorized
2 unpaid leaves of absence may not be used in the calculation of final
3 average salary.

4 (c) In calculating final average salary under (a) or (b) of this
5 subsection, the department of retirement systems shall include:

6 (i) Any compensation forgone by a member employed by a state
7 agency or institution during the 2009-2011 fiscal biennium as a
8 result of reduced work hours, mandatory or voluntary leave without
9 pay, temporary reduction in pay implemented prior to December 11,
10 2010, or temporary layoffs if the reduced compensation is an integral
11 part of the employer's expenditure reduction efforts, as certified by
12 the employer; and

13 (ii) Any compensation forgone by a member employed by the state
14 or a local government employer during the 2011-2013 fiscal biennium
15 as a result of reduced work hours, mandatory leave without pay,
16 temporary layoffs, or reductions to current pay if the reduced
17 compensation is an integral part of the employer's expenditure
18 reduction efforts, as certified by the employer. Reductions to
19 current pay shall not include elimination of previously agreed upon
20 future salary increases.

21 (16) "Firefighter" means:

22 (a) Any person who is serving on a full time, fully compensated
23 basis as a member of a fire department of an employer and who is
24 serving in a position which requires passing a civil service
25 examination for firefighter, and who is actively employed as such;

26 (b) Anyone who is actively employed as a full time firefighter
27 where the fire department does not have a civil service examination;

28 (c) Supervisory firefighter personnel;

29 (d) Any full time executive secretary of an association of fire
30 protection districts authorized under RCW 52.12.031. The provisions
31 of this subsection (16)(d) shall not apply to plan 2 members;

32 (e) The executive secretary of a labor guild, association or
33 organization (which is an employer under subsection (14) of this
34 section), if such individual has five years previous membership in a
35 retirement system established in chapter 41.16 or 41.18 RCW. The
36 provisions of this subsection (16)(e) shall not apply to plan 2
37 members;

38 (f) Any person who is serving on a full time, fully compensated
39 basis for an employer, as a fire dispatcher, in a department in

1 which, on March 1, 1970, a dispatcher was required to have passed a
2 civil service examination for firefighter;

3 (g) Any person who on March 1, 1970, was employed on a full time,
4 fully compensated basis by an employer, and who on May 21, 1971, was
5 making retirement contributions under the provisions of chapter 41.16
6 or 41.18 RCW; and

7 (h) Any person who is employed on a full-time, fully compensated
8 basis by an employer as an emergency medical technician.

9 (17) "General authority law enforcement agency" means any agency,
10 department, or division of a municipal corporation, political
11 subdivision, or other unit of local government of this state, and any
12 agency, department, or division of state government, having as its
13 primary function the detection and apprehension of persons committing
14 infractions or violating the traffic or criminal laws in general, but
15 not including the Washington state patrol. Such an agency,
16 department, or division is distinguished from a limited authority law
17 enforcement agency having as one of its functions the apprehension or
18 detection of persons committing infractions or violating the traffic
19 or criminal laws relating to limited subject areas, including but not
20 limited to, the state departments of natural resources and social and
21 health services, the state gambling commission, the state lottery
22 commission, the state parks and recreation commission, the state
23 utilities and transportation commission, the state liquor ~~((control))~~
24 and cannabis board, and the state department of corrections. A
25 general authority law enforcement agency under this chapter does not
26 include a government contractor.

27 (18) "Law enforcement officer" beginning January 1, 1994, means
28 any person who is commissioned and employed by an employer on a full
29 time, fully compensated basis to enforce the criminal laws of the
30 state of Washington generally, with the following qualifications:

31 (a) No person who is serving in a position that is basically
32 clerical or secretarial in nature, and who is not commissioned shall
33 be considered a law enforcement officer;

34 (b) Only those deputy sheriffs, including those serving under a
35 different title pursuant to county charter, who have successfully
36 completed a civil service examination for deputy sheriff or the
37 equivalent position, where a different title is used, and those
38 persons serving in unclassified positions authorized by RCW 41.14.070
39 except a private secretary will be considered law enforcement
40 officers;

1 (c) Only such full time commissioned law enforcement personnel as
2 have been appointed to offices, positions, or ranks in the police
3 department which have been specifically created or otherwise
4 expressly provided for and designated by city charter provision or by
5 ordinance enacted by the legislative body of the city shall be
6 considered city police officers;

7 (d) The term "law enforcement officer" also includes the
8 executive secretary of a labor guild, association or organization
9 (which is an employer under subsection (14) of this section) if that
10 individual has five years previous membership in the retirement
11 system established in chapter 41.20 RCW. The provisions of this
12 subsection (18)(d) shall not apply to plan 2 members; and

13 (e) The term "law enforcement officer" also includes a person
14 employed on or after January 1, 1993, as a public safety officer or
15 director of public safety, so long as the job duties substantially
16 involve only either police or fire duties, or both, and no other
17 duties in a city or town with a population of less than ten thousand.
18 The provisions of this subsection (18)(e) shall not apply to any
19 public safety officer or director of public safety who is receiving a
20 retirement allowance under this chapter as of May 12, 1993.

21 (19) "Medical services" for plan 1 members, shall include the
22 following as minimum services to be provided. Reasonable charges for
23 these services shall be paid in accordance with RCW 41.26.150.

24 (a) Hospital expenses: These are the charges made by a hospital,
25 in its own behalf, for

26 (i) Board and room not to exceed semiprivate room rate unless
27 private room is required by the attending physician due to the
28 condition of the patient.

29 (ii) Necessary hospital services, other than board and room,
30 furnished by the hospital.

31 (b) Other medical expenses: The following charges are considered
32 "other medical expenses", provided that they have not been considered
33 as "hospital expenses".

34 (i) The fees of the following:

35 (A) A physician or surgeon licensed under the provisions of
36 chapter 18.71 RCW;

37 (B) An osteopathic physician and surgeon licensed under the
38 provisions of chapter 18.57 RCW;

39 (C) A chiropractor licensed under the provisions of chapter 18.25
40 RCW.

1 (ii) The charges of a registered graduate nurse other than a
2 nurse who ordinarily resides in the member's home, or is a member of
3 the family of either the member or the member's spouse.

4 (iii) The charges for the following medical services and
5 supplies:

6 (A) Drugs and medicines upon a physician's prescription;

7 (B) Diagnostic X-ray and laboratory examinations;

8 (C) X-ray, radium, and radioactive isotopes therapy;

9 (D) Anesthesia and oxygen;

10 (E) Rental of iron lung and other durable medical and surgical
11 equipment;

12 (F) Artificial limbs and eyes, and casts, splints, and trusses;

13 (G) Professional ambulance service when used to transport the
14 member to or from a hospital when injured by an accident or stricken
15 by a disease;

16 (H) Dental charges incurred by a member who sustains an
17 accidental injury to his or her teeth and who commences treatment by
18 a legally licensed dentist within ninety days after the accident;

19 (I) Nursing home confinement or hospital extended care facility;

20 (J) Physical therapy by a registered physical therapist;

21 (K) Blood transfusions, including the cost of blood and blood
22 plasma not replaced by voluntary donors;

23 (L) An optometrist licensed under the provisions of chapter 18.53
24 RCW.

25 (20) "Member" means any firefighter, law enforcement officer, or
26 other person as would apply under subsections (16) or (18) of this
27 section whose membership is transferred to the Washington law
28 enforcement officers' and firefighters' retirement system on or after
29 March 1, 1970, and every law enforcement officer and firefighter who
30 is employed in that capacity on or after such date.

31 (21) "Plan 1" means the law enforcement officers' and
32 firefighters' retirement system, plan 1 providing the benefits and
33 funding provisions covering persons who first became members of the
34 system prior to October 1, 1977.

35 (22) "Plan 2" means the law enforcement officers' and
36 firefighters' retirement system, plan 2 providing the benefits and
37 funding provisions covering persons who first became members of the
38 system on and after October 1, 1977.

39 (23) "Position" means the employment held at any particular time,
40 which may or may not be the same as civil service rank.

1 (24) "Regular interest" means such rate as the director may
2 determine.

3 (25) "Retiree" for persons who establish membership in the
4 retirement system on or after October 1, 1977, means any member in
5 receipt of a retirement allowance or other benefit provided by this
6 chapter resulting from service rendered to an employer by such
7 member.

8 (26)(a) "Retirement fund" for plan 2 means the "Washington law
9 enforcement officers' and firefighters' plan 2 retirement ((system))
10 fund" as provided for herein.

11 (b) Pursuant to the merger of assets, liabilities, and membership
12 in section 2 of this act, beginning September 1, 2016, "retirement
13 fund" for plan 1 means the teachers' retirement system plan 1
14 retirement fund established in RCW 41.50.075(3)(a).

15 (27) "Retirement system" means the "Washington law enforcement
16 officers' and firefighters' retirement system" provided herein.

17 (28)(a) "Service" for plan 1 members, means all periods of
18 employment for an employer as a firefighter or law enforcement
19 officer, for which compensation is paid, together with periods of
20 suspension not exceeding thirty days in duration. For the purposes of
21 this chapter service shall also include service in the armed forces
22 of the United States as provided in RCW 41.26.190. Credit shall be
23 allowed for all service credit months of service rendered by a member
24 from and after the member's initial commencement of employment as a
25 firefighter or law enforcement officer, during which the member
26 worked for seventy or more hours, or was on disability leave or
27 disability retirement. Only service credit months of service shall be
28 counted in the computation of any retirement allowance or other
29 benefit provided for in this chapter.

30 (i) For members retiring after May 21, 1971 who were employed
31 under the coverage of a prior pension act before March 1, 1970,
32 "service" shall also include (A) such military service not exceeding
33 five years as was creditable to the member as of March 1, 1970, under
34 the member's particular prior pension act, and (B) such other periods
35 of service as were then creditable to a particular member under the
36 provisions of RCW 41.18.165, 41.20.160, or 41.20.170. However, in no
37 event shall credit be allowed for any service rendered prior to March
38 1, 1970, where the member at the time of rendition of such service
39 was employed in a position covered by a prior pension act, unless

1 such service, at the time credit is claimed therefor, is also
2 creditable under the provisions of such prior act.

3 (ii) A member who is employed by two employers at the same time
4 shall only be credited with service to one such employer for any
5 month during which the member rendered such dual service.

6 (b) "Service" for plan 2 members, means periods of employment by
7 a member for one or more employers for which basic salary is earned
8 for ninety or more hours per calendar month which shall constitute a
9 service credit month. Periods of employment by a member for one or
10 more employers for which basic salary is earned for at least seventy
11 hours but less than ninety hours per calendar month shall constitute
12 one-half service credit month. Periods of employment by a member for
13 one or more employers for which basic salary is earned for less than
14 seventy hours shall constitute a one-quarter service credit month.

15 Members of the retirement system who are elected or appointed to
16 a state elective position may elect to continue to be members of this
17 retirement system.

18 Service credit years of service shall be determined by dividing
19 the total number of service credit months of service by twelve. Any
20 fraction of a service credit year of service as so determined shall
21 be taken into account in the computation of such retirement allowance
22 or benefits.

23 If a member receives basic salary from two or more employers
24 during any calendar month, the individual shall receive one service
25 credit month's service credit during any calendar month in which
26 multiple service for ninety or more hours is rendered; or one-half
27 service credit month's service credit during any calendar month in
28 which multiple service for at least seventy hours but less than
29 ninety hours is rendered; or one-quarter service credit month during
30 any calendar month in which multiple service for less than seventy
31 hours is rendered.

32 (29) "Service credit month" means a full service credit month or
33 an accumulation of partial service credit months that are equal to
34 one.

35 (30) "Service credit year" means an accumulation of months of
36 service credit which is equal to one when divided by twelve.

37 (31) "State actuary" or "actuary" means the person appointed
38 pursuant to RCW 44.44.010(2).

1 (32) "State elective position" means any position held by any
2 person elected or appointed to statewide office or elected or
3 appointed as a member of the legislature.

4 (33) "Surviving spouse" means the surviving widow or widower of a
5 member. "Surviving spouse" shall not include the divorced spouse of a
6 member except as provided in RCW 41.26.162.

7 **Sec. 8.** RCW 41.26.080 and 2007 c 492 s 8 are each amended to
8 read as follows:

9 (1) Except as set forth under subsections (2) and (3) of this
10 section, the total liability of the plan 1 system shall be funded as
11 follows:

12 (a) Every plan 1 member shall have deducted from each payroll a
13 sum equal to six percent of his or her basic salary for each pay
14 period.

15 (b) Every employer shall contribute monthly a sum equal to six
16 percent of the basic salary of each plan 1 employee who is a member
17 of this retirement system. The employer shall transmit the employee
18 and employer contributions with a copy of the payroll to the
19 retirement system monthly.

20 (c) The remaining liabilities of the plan 1 system shall be
21 funded as provided in chapter 41.45 RCW.

22 (d) Every member shall be deemed to consent and agree to the
23 contribution made and provided for herein, and shall receipt in full
24 for his or her salary or compensation. Payment less said
25 contributions shall be a complete discharge of all claims and demands
26 whatsoever for the services rendered by such person during the period
27 covered by such payments, except his or her claim to the benefits to
28 which he or she may be entitled under the provisions of this chapter.

29 (2) No employer or member contribution is required after June 30,
30 2000, unless the most recent valuation study for law enforcement
31 officers' and firefighters' retirement system plan 1 indicates the
32 plan has unfunded liabilities. The legislature clarifies the
33 enactment of section 907, chapter 1, Laws of 2000 2nd sp. sess. and
34 affirms the suspension of employer and member contributions to plan 1
35 of the law enforcement officers' and firefighters' retirement system,
36 effective June 30, 2000, as provided in this subsection. The
37 legislature intends this 2007 amendment of this subsection to be
38 curative, remedial, and retrospectively applicable to June 30, 2000.

1 (3) Pursuant to the merger of assets, liabilities, and membership
2 in section 2 of this act, beginning September 1, 2016, no
3 contribution rates may be charged to the law enforcement officers'
4 and firefighters' plan 1 members and employers, except for the
5 administrative expenses charged to employers under RCW 41.50.110.

6 **Sec. 9.** RCW 41.45.010 and 2009 c 561 s 1 are each amended to
7 read as follows:

8 It is the intent of the legislature to provide a dependable and
9 systematic process for funding the benefits provided to members and
10 retirees of the public employees' retirement system, chapter 41.40
11 RCW; the teachers' retirement system, chapter 41.32 RCW; the law
12 enforcement officers' and firefighters' retirement systems, chapter
13 41.26 RCW; the school employees' retirement system, chapter 41.35
14 RCW; the public safety employees' retirement system, chapter 41.37
15 RCW; and the Washington state patrol retirement system, chapter 43.43
16 RCW.

17 The funding process established by this chapter is intended to
18 achieve the following goals:

19 (1) To fully fund the public employees' retirement system plans 2
20 and 3, the teachers' retirement system plans 2 and 3, the school
21 employees' retirement system plans 2 and 3, the public safety
22 employees' retirement system plan 2, and the law enforcement
23 officers' and firefighters' retirement system plan 2 as provided by
24 law;

25 ~~(2) ((To fully amortize the total costs of the law enforcement~~
26 ~~officers' and firefighters' retirement system plan 1, not later than~~
27 ~~June 30, 2024;~~

28 ~~(3))~~ To fully amortize the unfunded actuarial accrued liability
29 in the public employees' retirement system plan 1 and the teachers'
30 retirement system plan 1 within a rolling ten-year period, using
31 methods and assumptions that balance needs for increased benefit
32 security, decreased contribution rate volatility, and affordability
33 of pension contribution rates;

34 ~~((4))~~ (3) To establish long-term employer contribution rates
35 which will remain a relatively predictable proportion of the future
36 state budgets; and

37 ~~((5))~~ (4) To fund, to the extent feasible, all benefits for
38 plan 2 and 3 members over the working lives of those members so that

1 the cost of those benefits are paid by the taxpayers who receive the
2 benefit of those members' service.

3 **Sec. 10.** RCW 41.45.060 and 2009 c 561 s 3 are each amended to
4 read as follows:

5 (1) The state actuary shall provide preliminary actuarial
6 valuation results based on the economic assumptions and asset value
7 smoothing technique included in RCW 41.45.035 or adopted under RCW
8 41.45.030 or 41.45.035.

9 (2) Not later than July 31, 2008, and every two years thereafter,
10 consistent with the economic assumptions and asset value smoothing
11 technique included in RCW 41.45.035 or adopted under RCW 41.45.030 or
12 41.45.035, the council shall adopt and may make changes to:

13 ~~((A basic state contribution rate for the law enforcement
14 officers' and firefighters' retirement system plan 1;~~

15 ~~(b))~~) Basic employer contribution rates for the public employees'
16 retirement system, the teachers' retirement system, and the
17 Washington state patrol retirement system; and

18 ~~((e))~~) (b) Basic employer contribution rates for the school
19 employees' retirement system and the public safety employees'
20 retirement system for funding both those systems and the public
21 employees' retirement system plan 1.

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

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

27 ~~((To fully amortize the total costs of the law enforcement
28 officers' and firefighters' retirement system plan 1 not later than
29 June 30, 2024;~~

30 ~~(b))~~) To fully fund the public employees' retirement system plans
31 2 and 3, the teachers' retirement system plans 2 and 3, the public
32 safety employees' retirement system plan 2, and the school employees'
33 retirement system plans 2 and 3 in accordance with RCW 41.45.061,
34 41.45.067, and this section; and

35 ~~((e))~~) (b) To fully fund the public employees' retirement system
36 plan 1 and the teachers' retirement system plan 1, including benefits
37 for members of the law enforcement officers' and firefighters'
38 retirement system tier 1 beginning September 1, 2016, in accordance
39 with RCW 41.45.070, 41.45.150, and this section.

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

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

9 (6) The employer contribution rate for the public employees'
10 retirement system and the school employees' retirement system shall
11 equal the sum of:

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

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

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

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

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

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

37 (c) The amounts required to amortize the costs of any benefit
38 improvements in plan 1 of the public employees' retirement system
39 that become effective after June 30, 2009. The cost of each benefit
40 improvement shall be amortized over a fixed ten-year period using

1 projected future salary growth and growth in system membership. The
2 amounts required under this subsection are not subject to, and are
3 collected in addition to, any minimum or maximum rates applied
4 pursuant to RCW 41.45.150.

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

7 (a) The amount required to pay the combined plan 2 and plan 3
8 normal cost for the system, subject to any minimum rates applied
9 pursuant to RCW 41.45.155(~~(+)~~), plus the amounts in (b), (c), and (d)
10 of this subsection.

11 (b) The amount required to amortize the unfunded actuarial
12 accrued liability in plan 1 of the teachers' retirement system over a
13 rolling ten-year period.

14 (i) This amount must be calculated using projected future salary
15 growth and growth in the teachers' retirement system membership, and
16 does not include salary and system growth for the law enforcement
17 officers' and firefighters' retirement system plan 1.

18 (ii) This amount is subject to any minimum or maximum rates
19 applied pursuant to RCW 41.45.150(~~(+plus)~~).

20 (c) The amounts required to amortize the costs of any benefit
21 improvements in plan 1 of the teachers' retirement system that become
22 effective after June 30, 2009.

23 (i) The cost of each benefit improvement shall be amortized over
24 a fixed ten-year period using projected future salary growth and
25 growth in the teachers' retirement system membership and does not
26 include salary and system growth for the law enforcement officers'
27 and firefighters' retirement system plan 1.

28 (ii) The amounts required under this subsection are not subject
29 to, and are collected in addition to, any minimum or maximum rates
30 applied pursuant to RCW 41.45.150.

31 (d) The amounts required to amortize the cost of any benefit
32 improvements for the law enforcement officers' and firefighters'
33 retirement system tier 1 that become effective after the merger of
34 assets, liabilities, and membership in section 2 of this act.

35 (i) The cost of each benefit improvement must be amortized over a
36 fixed ten-year period using projected future salary growth and growth
37 in the teachers' retirement system membership and does not include
38 salary and system growth for the law enforcement officers' and
39 firefighters' retirement system plan 1.

1 (ii) The amounts required under this subsection are not subject
2 to, and are collected in addition to, any minimum or maximum rates
3 applied pursuant to RCW 41.45.150.

4 (9) The council shall immediately notify the directors of the
5 office of financial management and department of retirement systems
6 of the state and employer contribution rates adopted. The rates shall
7 be effective for the ensuing biennial period, subject to any
8 legislative modifications.

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

12 (11) The state actuary shall prepare final actuarial valuation
13 results based on the economic assumptions, asset value smoothing
14 technique, and contribution rates included in or adopted under RCW
15 41.45.030, 41.45.035, and this section.

16 **Sec. 11.** RCW 41.45.150 and 2011 c 362 s 8 are each amended to
17 read as follows:

18 (1) Beginning July 1, 2009, and ending June 30, 2015, maximum
19 annual contribution rates are established for the portion of the
20 employer contribution rate for the public employees' retirement
21 system and the public safety employees' retirement system that is
22 used for the sole purpose of amortizing that portion of the unfunded
23 actuarial accrued liability in the public employees' retirement
24 system plan 1 that excludes any amounts required to amortize plan 1
25 benefit improvements effective after June 30, 2009. The maximum rates
26 are:

27 Fiscal Year ending:

| 28 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|----|-------|-------|-------|-------|-------|-------|
| 29 | 1.25% | 1.25% | 3.75% | 4.50% | 5.25% | 6.00% |

30 (2) Beginning September 1, 2009, and ending August 31, 2015,
31 maximum annual contribution rates are established for the portion of
32 the employer contribution rate for the school employees' retirement
33 system that is used for the sole purpose of amortizing that portion
34 of the unfunded actuarial accrued liability in the public employees'
35 retirement system plan 1 that excludes any amounts required to

1 amortize plan 1 benefit improvements effective after June 30, 2009.
2 The maximum rates are:

| | | | | | | |
|---|---------------------|-------|-------|-------|-------|-------|
| 3 | Fiscal Year ending: | | | | | |
| 4 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
| 5 | 1.25% | 1.25% | 3.75% | 4.50% | 5.25% | 6.00% |

6 (3) Beginning September 1, 2009, and ending August 31, 2015,
7 maximum annual contribution rates are established for the portion of
8 the employer contribution rate for the teachers' retirement system
9 that is used for the sole purpose of amortizing that portion of the
10 unfunded actuarial accrued liability in the teachers' retirement
11 system plan 1 that excludes any amounts required to amortize plan 1
12 benefit improvements for the teachers' retirement system plan 1 and
13 the law enforcement officers' and firefighters' retirement system
14 plan 1 effective after June 30, 2009. The maximum rates are:

| | | | | | | |
|----|---------------------|-------|-------|-------|-------|-------|
| 15 | Fiscal Year ending: | | | | | |
| 16 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
| 17 | 2.04% | 2.04% | 6.50% | 7.50% | 8.50% | 9.50% |

18 (4) Beginning July 1, 2015, a minimum 3.50 percent contribution
19 is established as part of the basic employer contribution rate for
20 the public employees' retirement system and the public safety
21 employees' retirement system, to be used for the sole purpose of
22 amortizing that portion of the unfunded actuarial accrued liability
23 in the public employees' retirement system plan 1 that excludes any
24 amounts required to amortize plan 1 benefit improvements effective
25 after June 30, 2009. This minimum contribution rate shall remain
26 effective until the actuarial value of assets in plan 1 of the public
27 employees' retirement system equals one hundred percent of the
28 actuarial accrued liability.

29 (5) Beginning September 1, 2015, a minimum 3.50 percent
30 contribution is established as part of the basic employer
31 contribution rate for the school employees' retirement system, to be
32 used for the sole purpose of amortizing that portion of the unfunded
33 actuarial accrued liability in the public employees' retirement
34 system plan 1 that excludes any amounts required to amortize plan 1
35 benefit improvements effective after June 30, 2009. This minimum
36 contribution rate shall remain effective until the actuarial value of

1 assets in plan 1 of the public employees' retirement system equals
2 one hundred percent of the actuarial accrued liability.

3 (6)(a) Beginning September 1, (~~(2015)~~) 2016, and ending August
4 31, 2021, a (~~(minimum 5.75 percent)~~) contribution rate of 4.24
5 percent is established as part of the basic employer contribution
6 rate for the teachers' retirement system(~~(7)~~). This rate is to be
7 used for the sole purpose of amortizing that portion of the unfunded
8 actuarial accrued liability in the teachers' retirement system plan 1
9 that excludes any amounts required to amortize plan 1 benefit
10 improvements effective after June 30, (~~(2009)~~) 2016. (~~(This)~~)

11 (b) Beginning September 1, 2021, a minimum contribution rate of
12 4.24 percent is established and shall remain effective until the
13 actuarial value of assets in plan 1 of the teachers' retirement
14 system equals one hundred percent of the actuarial accrued liability.

15 (7) Upon completion of each biennial actuarial valuation, the
16 state actuary shall review the appropriateness of the minimum
17 contribution rates and recommend to the council any adjustments as
18 may be needed due to material changes in benefits or actuarial
19 assumptions, methods, or experience. Any changes adopted by the
20 council shall be subject to revision by the legislature.

21 **Sec. 12.** RCW 41.50.055 and 1991 c 35 s 16 are each amended to
22 read as follows:

23 The administration of the Washington law enforcement officers'
24 and firefighters' retirement system is hereby vested in the director
25 of retirement systems, and the director shall:

26 (1) Keep in convenient form such data as shall be deemed
27 necessary for actuarial evaluation purposes;

28 (2) As of March 1, 1970, and at least every two years thereafter,
29 through the state actuary, make an actuarial valuation as to the
30 mortality and service experience of the beneficiaries under this
31 chapter and the various accounts created for the purpose of showing
32 the financial status of the retirement fund;

33 (3) Adopt for the Washington law enforcement officers' and
34 firefighters' retirement system the mortality tables and such other
35 tables as shall be deemed necessary;

36 (4) Keep a record of all its proceedings, which shall be open to
37 inspection by the public;

38 (5) From time to time adopt such rules and regulations not
39 inconsistent with chapter 41.26 RCW, for the administration of the

1 provisions of this chapter, for the administration of the fund
2 created by this chapter and the several accounts thereof, and for the
3 transaction of the business of the system;

4 (6) Prepare and publish annually a financial statement showing
5 the condition of the Washington law enforcement officers' and
6 firefighters' system plan 2 retirement fund and the various accounts
7 thereof, and setting forth such other facts, recommendations and data
8 as may be of use in the advancement of knowledge concerning the
9 Washington law enforcement officers' and firefighters' retirement
10 system, and furnish a copy thereof to each employer, and to such
11 members as may request copies thereof;

12 (7) Perform such other functions as are required for the
13 execution of the provisions of chapter 41.26 RCW;

14 (8) Fix the amount of interest to be credited at a rate which
15 shall be based upon the net annual earnings of the Washington law
16 enforcement officers' and firefighters' fund for the preceding
17 twelve-month period and from time to time make any necessary changes
18 in such rate;

19 (9) Pay from the department of retirement systems expense fund
20 the expenses incurred in administration of the Washington law
21 enforcement officers' and firefighters' retirement system from those
22 funds appropriated for that purpose;

23 (10) Perform any other duties prescribed elsewhere in chapter
24 41.26 RCW;

25 (11) Issue decisions relating to appeals initiated pursuant to
26 RCW 41.16.145 and 41.18.104 as now or hereafter amended and shall be
27 authorized to order increased benefits pursuant to RCW 41.16.145 and
28 41.18.104 as now or hereafter amended.

29 **Sec. 13.** RCW 41.50.075 and 2004 c 242 s 44 are each amended to
30 read as follows:

31 (1) Two funds are hereby created and established in the state
32 treasury to be known as the Washington law enforcement officers' and
33 firefighters' system plan 1 retirement fund, and the Washington law
34 enforcement officers' and firefighters' system plan 2 retirement fund
35 which shall consist of all moneys paid into them in accordance with
36 the provisions of this chapter and chapter 41.26 RCW, whether such
37 moneys take the form of cash, securities, or other assets. The plan 1
38 fund shall consist of all moneys paid to finance the benefits
39 provided to members of the law enforcement officers' and

1 firefighters' retirement system plan 1, and the plan 2 fund shall
2 consist of all moneys paid to finance the benefits provided to
3 members of the law enforcement officers' and firefighters' retirement
4 system plan 2.

5 (2) Pursuant to the merger of assets, liabilities, and membership
6 in section 2 of this act, the law enforcement officers' and
7 firefighters' system plan 1 retirement fund is closed, and all moneys
8 are transferred to the teachers' retirement system plan 1 retirement
9 fund established in subsection (3)(a) of this section. All moneys
10 payable to the law enforcement officers' and firefighters' retirement
11 system plan 1 or paid to finance benefits for members of the law
12 enforcement officers' and firefighters' retirement system plan 1 in
13 accordance with the provisions of this chapter and chapter 41.26 RCW,
14 whether such moneys take the form of cash, securities, or other
15 assets, must be paid to the teachers' retirement system plan 1
16 retirement fund established in subsection (3)(a) of this section.

17 (3) All of the assets of the Washington state teachers'
18 retirement system shall be credited according to the purposes for
19 which they are held, to two funds to be maintained in the state
20 treasury, namely, the teachers' retirement system plan 1 fund and the
21 teachers' retirement system combined plan 2 and 3 fund.

22 (a) The plan 1 fund shall consist of all moneys paid to finance
23 the benefits provided to members of the Washington state teachers'
24 retirement system plan 1, ~~((and))~~ including benefits for members of
25 the law enforcement officers' and firefighters' retirement system
26 tier 1 beginning September 1, 2016.

27 (b) The combined plan 2 and 3 fund shall consist of all moneys
28 paid to finance the benefits provided to members of the Washington
29 state teachers' retirement system plan 2 and 3.

30 ~~((+3))~~ (4) There is hereby established in the state treasury two
31 separate funds, namely the public employees' retirement system plan 1
32 fund and the public employees' retirement system combined plan 2 and
33 plan 3 fund. The plan 1 fund shall consist of all moneys paid to
34 finance the benefits provided to members of the public employees'
35 retirement system plan 1, and the combined plan 2 and plan 3 fund
36 shall consist of all moneys paid to finance the benefits provided to
37 members of the public employees' retirement system plans 2 and 3.

38 ~~((+4))~~ (5) There is hereby established in the state treasury the
39 school employees' retirement system combined plan 2 and 3 fund. The
40 combined plan 2 and 3 fund shall consist of all moneys paid to

1 finance the benefits provided to members of the school employees'
2 retirement system plan 2 and plan 3.

3 ((+5+)) (6) There is hereby established in the state treasury the
4 public safety employees' retirement system plan 2 fund. The plan 2
5 fund shall consist of all moneys paid to finance the benefits
6 provided to members of the public safety employees' retirement system
7 plan 2.

8 **Sec. 14.** RCW 43.84.092 and 2015 3rd sp.s. c 44 s 107 and 2015
9 3rd sp.s. c 12 s 3 are each reenacted and amended to read as follows:

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

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

29 (3) Except for the provisions of RCW 43.84.160, the treasury
30 income account may be utilized for the payment of purchased banking
31 services on behalf of treasury funds including, but not limited to,
32 depository, safekeeping, and disbursement functions for the state
33 treasury and affected state agencies. The treasury income account is
34 subject in all respects to chapter 43.88 RCW, but no appropriation is
35 required for payments to financial institutions. Payments shall occur
36 prior to distribution of earnings set forth in subsection (4) of this
37 section.

38 (4) Monthly, the state treasurer shall distribute the earnings
39 credited to the treasury income account. The state treasurer shall

1 credit the general fund with all the earnings credited to the
2 treasury income account except:

3 (a) The following accounts and funds shall receive their
4 proportionate share of earnings based upon each account's and fund's
5 average daily balance for the period: The aeronautics account, the
6 aircraft search and rescue account, the Alaskan Way viaduct
7 replacement project account, the brownfield redevelopment trust fund
8 account, the budget stabilization account, the capital vessel
9 replacement account, the capitol building construction account, the
10 Cedar River channel construction and operation account, the Central
11 Washington University capital projects account, the charitable,
12 educational, penal and reformatory institutions account, the cleanup
13 settlement account, the Columbia river basin water supply development
14 account, the Columbia river basin taxable bond water supply
15 development account, the Columbia river basin water supply revenue
16 recovery account, the common school construction fund, the community
17 forest trust account, the connecting Washington account, the county
18 arterial preservation account, the county criminal justice assistance
19 account, the deferred compensation administrative account, the
20 deferred compensation principal account, the department of licensing
21 services account, the department of retirement systems expense
22 account, the developmental disabilities community trust account, the
23 diesel idle reduction account, the drinking water assistance account,
24 the drinking water assistance administrative account, the drinking
25 water assistance repayment account, the Eastern Washington University
26 capital projects account, the Interstate 405 express toll lanes
27 operations account, the education construction fund, the education
28 legacy trust account, the election account, the electric vehicle
29 charging infrastructure account, the energy freedom account, the
30 energy recovery act account, the essential rail assistance account,
31 The Evergreen State College capital projects account, the federal
32 forest revolving account, the ferry bond retirement fund, the freight
33 mobility investment account, the freight mobility multimodal account,
34 the grade crossing protective fund, the public health services
35 account, the high capacity transportation account, the state higher
36 education construction account, the higher education construction
37 account, the highway bond retirement fund, the highway infrastructure
38 account, the highway safety fund, the high occupancy toll lanes
39 operations account, the hospital safety net assessment fund, the
40 industrial insurance premium refund account, the judges' retirement

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

1 Washington bond retirement fund, the University of Washington
2 building account, the volunteer firefighters' and reserve officers'
3 relief and pension principal fund, the volunteer firefighters' and
4 reserve officers' administrative fund, the Washington judicial
5 retirement system account, (~~the Washington law enforcement officers'
6 and firefighters' system plan 1 retirement account,~~) the Washington
7 law enforcement officers' and firefighters' system plan 2 retirement
8 account, the Washington public safety employees' plan 2 retirement
9 account, the Washington school employees' retirement system combined
10 plan 2 and 3 account, the Washington state health insurance pool
11 account, the Washington state patrol retirement account, the
12 Washington State University building account, the Washington State
13 University bond retirement fund, the water pollution control
14 revolving administration account, the water pollution control
15 revolving fund, the Western Washington University capital projects
16 account, the Yakima integrated plan implementation account, the
17 Yakima integrated plan implementation revenue recovery account, and
18 the Yakima integrated plan implementation taxable bond account.
19 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. 15.** (1) The merger of the assets,
34 liabilities, and membership of the teachers' retirement system plan 1
35 and the law enforcement officers' and firefighters' retirement system
36 plan 1 as provided in section 2 of this act must be administered so
37 as to comply with the internal revenue code, Title 26 U.S.C., and
38 specifically with plan qualification requirements imposed on
39 governmental plans by section 401(a) of the internal revenue code.

1 Any section or provision of this act that is susceptible to more than
2 one construction must be interpreted so as to meet this requirement.

3 (2) If the federal internal revenue service issues a
4 determination letter stating that section 2 of this act is in
5 conflict with the plan qualification requirements for governmental
6 plans in section 401(a) of the internal revenue code, and the
7 conflict cannot be resolved through administrative action or
8 statutory change, then sections 2 and 6 through 14 of this act are
9 null and void.

10 NEW SECTION. **Sec. 16.** If any provision of this act or its
11 application to any person or circumstance is held invalid, the
12 remainder of the act or the application of the provision to other
13 persons or circumstances is not affected.

14 NEW SECTION. **Sec. 17.** This act takes effect September 1, 2016.

--- END ---