
ENGROSSED SUBSTITUTE SENATE BILL 6573

State of Washington

60th Legislature

2008 Regular Session

By Senate Ways & Means (originally sponsored by Senators Kilmer, Brandland, Kauffman, Delvin, Benton, Roach, McAuliffe, and Rasmussen; by request of LEOFF Plan 2 Retirement Board)

READ FIRST TIME 02/12/08.

1 AN ACT Relating to providing additional revenues for public safety,
2 including law enforcement officers and firefighters plan 2 pension plan
3 benefits; adding new sections to chapter 41.26 RCW; and creating a new
4 section.

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

6 NEW SECTION. **Sec. 1.** The legislature finds that local governments
7 need additional revenues to provide public safety resources in order to
8 protect the citizens of Washington from fire and crime. The
9 legislature finds that the current benefit formula and contributions
10 for the law enforcement officers' and firefighters' plan 2 are
11 inadequate to modify that formula in recognition of the shorter working
12 careers for firefighters and police officers. The legislature
13 recognizes that although some officers and firefighters are able to
14 work comfortably beyond twenty-five years, the combat nature of fire
15 suppression and law enforcement generally require earlier retirement
16 ages. In recognition of the physical demands of the professions and
17 the inherent risks faced by law enforcement officers and firefighters,
18 eligibility for retirement in the law enforcement officers' and
19 firefighters' plan 2 system has been set at age fifty-three. However,

1 the benefit formula is designed for careers of thirty-five to forty
2 years, making retirement at age fifty-three an unrealistic option for
3 many.

4 Therefore, the legislature declares that it is the purpose of this
5 act to provide local government public safety employers and the law
6 enforcement officers' and firefighters' plan 2 pension plan with
7 additional shared revenues when state general fund revenues increase by
8 at least three percent over the prior year's collections.

9 NEW SECTION. **Sec. 2.** A new section is added to chapter 41.26 RCW
10 to read as follows:

11 The local public safety enhancement account is created in the state
12 treasury. Moneys in the account may be spent only after appropriation.
13 All receipts from section 4 of this act must be deposited into the
14 account. Expenditures from the account may be used as follows:

15 (1) Following appropriation, fifty percent of the money in the
16 account shall be transferred to the law enforcement officers' and
17 firefighters' retirement system benefits improvement account
18 established in section 3 of this act.

19 (2) Following appropriation, the balance shall be distributed by
20 the state treasurer to all jurisdictions with law enforcement officers'
21 and firefighters' plan 2 members on a proportionate share basis based
22 on the number of plan 2 members each jurisdiction has on June 1st of
23 the prior year divided by the total number of plan 2 members in the
24 system. The department of retirement systems shall provide the
25 distribution allocation to the state treasurer. Distributions by the
26 state treasurer shall be made annually beginning on January 1, 2011.
27 Jurisdictions that contract with other eligible jurisdictions for law
28 enforcement services or fire protection services must agree on the
29 distribution of funds between the contracting parties and must inform
30 the department of retirement systems as to how the distribution is to
31 be made. Distributions will continue to be made under the terms of the
32 agreement until the department of retirement systems is notified by the
33 eligible jurisdiction of any agreement revisions. If there is no
34 agreement within six months of the distribution date, the moneys lapse
35 to the state treasury. Moneys distributed from the balance of the
36 public safety enhancement account may be used for the following
37 purposes: (a) Criminal justice, including those where an ancillary

1 benefit to the civil justice occurs, and includes domestic violence
2 programs; (b) information and assistance to parents and families
3 dealing with at-risk or runaway youth; or (c) public safety.

4 NEW SECTION. **Sec. 3.** A new section is added to chapter 41.26 RCW
5 to read as follows:

6 (1) The local law enforcement officers' and firefighters'
7 retirement system benefits improvement account (benefits account) is
8 created within the law enforcement officers' and firefighters'
9 retirement system plan 2 fund. All receipts from section 2(1) of this
10 act must be deposited into the account.

11 (2) The funds in the benefits account shall not be included by the
12 state actuary in the calculation of the market value of assets of the
13 law enforcement officers' and firefighters' retirement system plan 2
14 fund until the board directs the state actuary in writing to do so for
15 purposes of financing benefits adopted by the board pursuant to and
16 consistent with RCW 41.26.720. The board, in consultation with the
17 state investment board, shall provide the state actuary, in writing,
18 the market value of the amount directed from the benefits account for
19 inclusion in the calculation of the market value of assets of the law
20 enforcement officers' and firefighters' retirement system plan 2 fund.
21 The market value of the amount directed from the benefits account shall
22 be determined as of the date of the direction from the board to include
23 this amount for purposes of financing benefits adopted by the board
24 pursuant to and consistent with RCW 41.26.720.

25 (3) The law enforcement officers' and firefighters' plan 2
26 retirement board shall administer the fund in an actuarially sound
27 manner.

28 (4) The state investment board has the full power to invest,
29 reinvest, manage, contract, sell, or exchange investment money in the
30 benefits account. The state investment board is authorized to adopt
31 investment policies for the money in the benefits account. All
32 investment and operating costs associated with the investment of money
33 within the benefits account shall be paid pursuant to RCW 43.33A.160
34 and 43.84.160. With the exception of these expenses, the earnings from
35 the investment of the money shall be retained by the benefits account.

36 (5) All investments made by the state investment board shall be

1 made with the exercise of that degree of judgment and care pursuant to
2 RCW 43.33A.140 and the investment policy established by the state
3 investment board.

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

6 (7) The authority to establish all policies relating to the
7 benefits account, other than the investment policies set forth in this
8 section, resides with the law enforcement officers' and firefighters'
9 plan 2 retirement board. Other than investments by and expenses of the
10 state investment board, disbursements from this fund may be made only
11 on the authorization of the law enforcement officers' and firefighters'
12 plan 2 retirement board for purposes of funding the member, employer,
13 and state cost of financing benefits adopted by the board pursuant to
14 and consistent with RCW 41.26.720.

15 (8) The state investment board shall routinely consult with and
16 communicate with the law enforcement officers' and firefighters' plan
17 2 retirement board on the investment policy, earnings of the trust, and
18 related needs of the benefits account.

19 NEW SECTION. **Sec. 4.** A new section is added to chapter 41.26 RCW
20 to read as follows:

21 (1) By September 30, 2011, if the prior fiscal biennium's general
22 state revenues exceed the previous fiscal biennium's revenues by more
23 than three percent, subject to appropriation by the legislature, the
24 state treasurer shall transfer five million dollars to the local public
25 safety enhancement account.

26 (2) By September 30, 2013, if the prior fiscal biennium's general
27 state revenues exceed the previous fiscal biennium's revenues by more
28 than three percent, subject to appropriation by the legislature, the
29 state treasurer shall transfer ten million dollars to the local public
30 safety enhancement account.

31 (3) By September 30, 2015, if the prior fiscal biennium's general
32 state revenues exceed the previous fiscal biennium's revenues by more
33 than three percent, subject to appropriation by the legislature, the
34 state treasurer shall transfer twenty million dollars to the local
35 public safety enhancement account.

36 (4) By September 30, 2017, and by September 30 of each odd-numbered
37 year thereafter, if the prior fiscal biennium's general state revenues

1 exceed the previous fiscal biennium's revenues by more than three
2 percent, subject to appropriation by the legislature, the state
3 treasurer shall transfer the lesser of one-third of the increase, or
4 fifty million dollars, to the local public safety enhancement account.

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