

HOUSE BILL 2350

State of Washington

62nd Legislature

2012 Regular Session

By Representative Sullivan

1 AN ACT Relating to merging plan 1 and plan 2 of the law enforcement
 2 officers' and firefighters' retirement system; amending RCW 41.26.080,
 3 41.50.075, 41.26.710, 41.26.715, 41.26.717, 41.26.720, 41.26.725,
 4 41.26.732, 41.45.010, 41.45.035, 41.45.050, 41.45.060, 41.45.0604,
 5 41.45.067, 41.45.070, 41.04.278, and 41.50.255; reenacting and amending
 6 RCW 43.84.092; creating new sections; and declaring an emergency.

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

8 NEW SECTION. **Sec. 1.** (1) The contribution rates charged to law
 9 enforcement officers' and firefighters' plan 2 members, employers, and
 10 the state for July 1, 2011, through June 30, 2013, shall be as follows:

11	Member.....	8.46%
12	Employer.....	5.08%
13	State.....	0.00%

14 (2) The rates in this section shall be increased to reflect the
 15 cost of any additional benefits as provided for in RCW 41.45.070.

1 NEW SECTION. **Sec. 2.** Section 1 of this act is added to chapter
2 41.26 RCW, but because of its temporary nature, shall not be codified.

3 **Sec. 3.** RCW 41.26.080 and 2007 c 492 s 8 are each amended to read
4 as follows:

5 (1) Except as set forth under subsection (2) of this section, the
6 total liability of the plan 1 system shall be funded as follows:

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

9 (b) Every employer shall contribute monthly a sum equal to six
10 percent of the basic salary of each plan 1 employee who is a member of
11 this retirement system. The employer shall transmit the employee and
12 employer contributions with a copy of the payroll to the retirement
13 system monthly.

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

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

23 (2) No employer or member contribution is required after June 30,
24 2000, unless the most recent valuation study for law enforcement
25 officers' and firefighters' retirement system plan 1 indicates the plan
26 has unfunded liabilities. The legislature clarifies the enactment of
27 section 907, chapter 1, Laws of 2000 2nd sp. sess. and affirms the
28 suspension of employer and member contributions to plan 1 of the law
29 enforcement officers' and firefighters' retirement system, effective
30 June 30, 2000, as provided in this subsection. The legislature intends
31 this 2007 amendment of this subsection to be curative, remedial, and
32 retrospectively applicable to June 30, 2000. Contributions for the law
33 enforcement officers' and firefighters' plan 1 shall be established by
34 the law enforcement officers' and firefighters' retirement board
35 beginning July 1, 2013, as provided in this chapter.

1 **Sec. 4.** RCW 41.50.075 and 2004 c 242 s 44 are each amended to read
2 as follows:

3 (1) ~~((Two funds are hereby created and))~~ There is hereby
4 established in the state treasury ~~((to be known as))~~ the Washington law
5 enforcement officers' and firefighters' system ~~((plan 1))~~ retirement
6 fund~~((, and the Washington law enforcement officers' and firefighters'~~
7 ~~system plan 2 retirement fund))~~ which shall consist of all moneys paid
8 ~~((into them))~~ in accordance with the provisions of this chapter and
9 chapter 41.26 RCW, whether such moneys take the form of cash,
10 securities, or other assets~~((The plan 1 fund shall consist of all~~
11 ~~moneys paid))~~ to finance the benefits provided to members of the law
12 enforcement officers' and firefighters' retirement system plan 1~~((, and~~
13 ~~the plan 2 fund shall consist of all moneys paid to finance))~~ and the
14 benefits provided to members of the law enforcement officers' and
15 firefighters' retirement system plan 2.

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

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

34 (4) There is hereby established in the state treasury the school
35 employees' retirement system combined plan 2 and 3 fund. The combined
36 plan 2 and 3 fund shall consist of all moneys paid to finance the
37 benefits provided to members of the school employees' retirement system
38 plan 2 and plan 3.

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

5 NEW SECTION. **Sec. 5.** After the merger of the law enforcement
6 officers' and firefighters' retirement system plan 1 into the law
7 enforcement officers' and firefighters' retirement system plan 2, each
8 participant in the law enforcement officers' and firefighters' plan 1
9 or the law enforcement officers' and firefighters' plan 2 is entitled
10 to the same benefits immediately after the merger as immediately prior
11 to the merger including, but not limited to, any benefits provided to
12 active or retired members of the law enforcement officers' and
13 firefighters' retirement system plan 1 by city or county disability
14 boards pursuant to RCW 41.26.150. This protection is in addition to
15 any other protections provided by law.

16 **Sec. 6.** RCW 41.26.710 and 2003 c 2 s 3 are each amended to read as
17 follows:

18 The definitions in this section apply throughout this subchapter
19 unless the context clearly requires otherwise.

20 (1) "Member" or "beneficiary" means:

21 (a) Current and future law enforcement officers and firefighters
22 who are contributing to the plan;

23 (b) Retired employees or their named beneficiaries who receive
24 benefits from the plan; and

25 (c) Separated vested members of the plan who are not currently
26 receiving benefits.

27 (2) "Plan" means the law enforcement officers' and firefighters'
28 retirement system plan 1 or plan 2.

29 (3) "Actuary" means the actuary employed by the board of trustees.

30 (4) "State actuary" means the actuary employed by the department.

31 (5) "Board" means the board of trustees.

32 (6) "Board member" means a member of the board of trustees.

33 (7) "Department" means the department of retirement systems.

34 (8) "Minimum benefits" means those benefits provided for in chapter
35 41.26 RCW as of July 1, 2003.

1 (9) "Employer" means the same as under RCW 41.26.030(~~(+2)~~)
2 (14)(b).

3 (10) "Enrolled actuary" means an actuary who is enrolled under the
4 employee retirement income security act of 1974 (Subtitle C of Title
5 III) and who is a member of the society of actuaries or the American
6 academy of actuaries.

7 (11) "Increased benefit" means a benefit in addition to the minimum
8 benefits.

9 (12) "Trust" means the assets of the (~~(plan)~~) system.

10 (13) "Benefits" means the age or service or combination thereof
11 required for retirement, the level of service and disability retirement
12 benefits, survivorship benefits, payment options including a deferred
13 retirement option plan, average final compensation, postretirement
14 cost-of-living adjustments, including health care and the elements of
15 compensation. Benefits shall not include the classifications of
16 employment eligible to participate in the plan.

17 (14) "Actuarially sound" means the (~~(plan)~~) system is sufficiently
18 funded to meet its projected liabilities and to defray the reasonable
19 expenses of its operation based upon commonly accepted, sound actuarial
20 principles.

21 (15) "System" means the law enforcement officers' and firefighters'
22 retirement system established in RCW 41.50.075.

23 **Sec. 7.** RCW 41.26.715 and 2007 c 303 s 1 are each amended to read
24 as follows:

25 (1) An eleven member board of trustees is hereby created.

26 (a) Before January 1, 2007, three of the board members shall be
27 active law enforcement officers who are participants in the plan.
28 Beginning with the first vacancy on or after January 1, 2007, two board
29 members shall be active law enforcement officers who are participants
30 in the plan and one board member shall be either an active or a retired
31 law enforcement officer who is a participant of the plan. The law
32 enforcement officer board members shall be appointed by the governor
33 from a list provided by a recognized statewide council whose membership
34 consists exclusively of guilds, associations, and unions representing
35 state and local government police officers, deputies, and sheriffs and
36 excludes federal law enforcement officers.

1 (b) Before January 1, 2007, three of the board members shall be
2 active firefighters who are participants in the plan. Beginning with
3 the first vacancy on or after January 1, 2007, two board members shall
4 be active firefighters who are participants in the plan and one board
5 member shall be either an active or a retired firefighter who is a
6 participant of the plan. The firefighter board members shall be
7 appointed by the governor from a list provided by a recognized
8 statewide council, affiliated with an international association
9 representing the interests of firefighters.

10 (c) Three of the board members shall be representatives of
11 employers and shall be appointed by the governor.

12 (d) One board member shall be a member of the house of
13 representatives who is appointed by the governor based on the
14 recommendation of the speaker of the house of representatives.

15 (e) One board member shall be a member of the senate who is
16 appointed by the governor based on the recommendation of the majority
17 leader of the senate.

18 (f) After January 1, 2008, at least one board member must be a
19 retired participant of the law enforcement officers' and firefighters'
20 retirement system (~~(plan-2)~~). This member may be appointed under (a)
21 through (e) of this subsection.

22 (2) The initial law enforcement officer and firefighter board
23 members shall serve terms of six, four, and two years, respectively.
24 Thereafter, law enforcement officer and firefighter board members serve
25 terms of six years. The initial employer representative board members
26 shall serve terms of four, five, and six years, respectively.
27 Thereafter, employer representative board members serve terms of four
28 years. The initial legislative board members shall serve terms of five
29 years and six months. Thereafter, legislative board members serve
30 terms of two years, which begin on January 1st of odd-numbered years.
31 Board members may be reappointed to succeeding terms without
32 limitation. Board members shall serve until their successors are
33 appointed and seated.

34 (3) In the event of a vacancy on the board, the vacancy shall be
35 filled in the same manner as prescribed for an initial appointment.

36 **Sec. 8.** RCW 41.26.717 and 2003 c 92 s 1 are each amended to read
37 as follows:

1 The law enforcement officers' and firefighters' (~~plan—2~~)
2 retirement board established in section 4, chapter 2, Laws of 2003 has
3 the following duties and powers in addition to any other duties or
4 powers authorized or required by law. The board:

5 (1) Shall employ staff as necessary to implement the purposes of
6 chapter 2, Laws of 2003 and this act. Staff must be state employees
7 under Title 41 RCW;

8 (2) Shall adopt an annual budget as provided in section 5, chapter
9 2, Laws of 2003. Expenses of the board are paid from the expense fund
10 created in RCW 41.26.732;

11 (3) May make, execute, and deliver contracts, conveyances, and
12 other instruments necessary to exercise and discharge its powers and
13 duties;

14 (4) May contract for all or part of the services necessary for the
15 management and operation of the board with other state or nonstate
16 entities authorized to do business in the state; and

17 (5) May contract with actuaries, auditors, and other consultants as
18 necessary to carry out its responsibilities.

19 **Sec. 9.** RCW 41.26.720 and 2008 c 99 s 5 are each amended to read
20 as follows:

21 (1) The board of trustees have the following powers and duties and
22 shall:

23 (a) Adopt actuarial tables, assumptions, and cost methodologies in
24 consultation with an enrolled actuary retained by the board. These
25 actions shall not be subject to legislative revision if they are
26 certified as being reasonable by the state actuary. The state actuary
27 shall provide assistance when the board requests. The actuary retained
28 by the board shall utilize the aggregate actuarial cost method, or
29 other recognized actuarial cost method based on a level percentage of
30 payroll, as that term is employed by the American academy of actuaries.
31 The actuary retained by the board shall adjust the actuarial cost
32 method to recognize the actuarial present value of future revenue that
33 will be included in the calculation of the market value of assets
34 pursuant to RCW 41.26.805(2), using the methods and assumptions
35 employed by the state actuary in RCW 41.26.805(9). In determining the
36 reasonableness of actuarial valuations, assumptions, and cost
37 methodologies, the actuary retained by the board shall provide a copy

1 of all such calculations to the state actuary. If the two actuaries
2 concur on the calculations, contributions shall be made as set forth in
3 the report of the board's actuary. If the two actuaries cannot agree,
4 they shall appoint a third, independent, enrolled actuary who shall
5 review the calculations of the actuary retained by the board and the
6 state actuary. Thereafter, contributions shall be based on the
7 methodology most closely following that of the third actuary;

8 (b)(i) Provide for the design and implementation of increased
9 benefits for members and beneficiaries of the plan, subject to the
10 contribution limitations under RCW 41.26.725. An increased benefit may
11 not be approved by the board until an actuarial cost of the benefit has
12 been determined by the actuary and contribution rates adjusted as may
13 be required to maintain the plan on a sound actuarial basis. Increased
14 benefits as approved by the board shall be presented to the legislature
15 on January 1st of each year. The increased benefits as approved by the
16 board shall become effective within ninety days unless a bill is
17 enacted in the next ensuing session of the legislature, by majority
18 vote of each house of the legislature, repealing the action of the
19 board;

20 (ii) As an alternative to the procedure in (b)(i) of this
21 subsection, recommend to the legislature changes in the benefits for
22 members and beneficiaries, without regard to the cost limitations in
23 RCW 41.26.725(3). Benefits adopted in this manner shall have the same
24 contractual protections as the minimum benefits in the plan. The
25 recommendations of the board shall be presented to the legislature on
26 January 1st of each year. These measures shall take precedence over
27 all other measures in the legislature, except appropriations bills, and
28 shall be either enacted or rejected without change or amendment by the
29 legislature before the end of such regular session;

30 (c) Retain professional and technical advisors necessary for the
31 accomplishment of its duties. The cost of these services may be
32 withdrawn from the trust;

33 (d) Consult with the department for the purpose of improving
34 benefit administration and member services;

35 (e) Provide an annual report to the governor and the legislature
36 setting forth the actuarial funding status of the plan and making
37 recommendations for improvements in those aspects of retirement

1 administration directed by the legislature or administered by the
2 department;

3 (f) Establish uniform administrative rules and operating policies
4 in the manner prescribed by law;

5 (g) Engage administrative staff and acquire office space
6 independent of, or in conjunction with, the department. The department
7 shall provide funding from its budget for these purposes;

8 (h) Publish on an annual basis a schedule of increased benefits
9 together with a summary of the minimum benefits as established by the
10 legislature which shall constitute the official plan document; and

11 (i) Be the fiduciary of the plan and discharge the board's duties
12 solely in the interest of the members and beneficiaries of the plan.

13 (2) Meetings of the board of trustees shall be conducted as
14 follows:

15 (a) All board meetings are open to the public, preceded by timely
16 public notice;

17 (b) All actions of the board shall be taken in open public session,
18 except for those matters which may be considered in executive session
19 as provided by law;

20 (c) The board shall retain minutes of each meeting setting forth
21 the names of those board members present and absent, and their voting
22 record on any voted issue; and

23 (d) The board may establish, with the assistance of the appropriate
24 office of state government, an internet web site providing for
25 interactive communication with state government, members and
26 beneficiaries of the plan, and the public.

27 (3) A quorum of the board is six board members. All board actions
28 require six concurring votes.

29 (4) The decisions of the board shall be made in good faith and are
30 final, binding, and conclusive on all parties. The decisions of the
31 board shall be subject to judicial review as provided by law.

32 (5) A law enforcement officers' and firefighters' retirement system
33 (~~(plan-2)~~) expense fund is established for the purpose of defraying the
34 expenses of the board. The board shall cause an annual budget to be
35 prepared consistent with the requirements of chapter 43.88 RCW and
36 shall draw the funding for the budget from the investment income of the
37 trust. Board members shall be reimbursed for travel and education
38 expenses as provided in RCW 43.03.050 and 43.03.060. The board shall

1 make an annual report to the governor, legislature, and state auditor
2 setting forth a summary of the costs and expenditures of the plan for
3 the preceding year. The board shall also retain the services of an
4 independent, certified public accountant who shall annually audit the
5 expenses of the fund and whose report shall be included in the board's
6 annual report.

7 **Sec. 10.** RCW 41.26.725 and 2003 c 93 s 1 are each amended to read
8 as follows:

9 (1) The board of trustees shall establish contributions as set
10 forth in this section. The cost of the (~~minimum benefits as defined~~
11 ~~in this plan~~) combined plan 1 and plan 2 benefits shall be funded on
12 the following ratio:

13	Employee contributions	50%
14	Employer contributions	30%
15	State contributions	20%

16 (2) The minimum benefits shall constitute a contractual obligation
17 of the state and the contributing employers and may not be reduced
18 below the levels in effect on July 1, 2003. The state and the
19 contributing employers shall maintain the minimum benefits on a sound
20 actuarial basis in accordance with the actuarial standards adopted by
21 the board.

22 (3) Increased benefits created as provided for in RCW 41.26.720 are
23 granted on a basis not to exceed the contributions provided for in this
24 section. In addition to the contributions necessary to maintain the
25 minimum benefits, for any increased benefits provided for by the board,
26 the employee contribution shall not exceed fifty percent of the
27 actuarial cost of the benefit. In no instance shall the employee cost
28 exceed ten percent of covered payroll without the consent of a majority
29 of the affected employees. Employer contributions shall not exceed
30 thirty percent of the cost, but in no instance shall the employer
31 contribution exceed six percent of covered payroll. State
32 contributions shall not exceed twenty percent of the cost, but in no
33 instance shall the state contribution exceed four percent of covered
34 payroll. Employer contributions may not be increased above the maximum
35 under this section without the consent of the governing body of the
36 employer. State contributions may not be increased above the maximum
37 provided for in this section without the consent of the legislature.

1 In the event that the cost of maintaining the increased benefits on a
2 sound actuarial basis exceeds the aggregate contributions provided for
3 in this section, the board shall submit to the affected members of the
4 plan the option of paying the increased costs or of having the
5 increased benefits reduced to a level sufficient to be maintained by
6 the aggregate contributions. The reduction of benefits in accordance
7 with this section shall not be deemed a violation of the contractual
8 rights of the members, provided that no reduction may result in
9 benefits being lower than the level of the minimum benefits.

10 (4) The board shall manage the trust in a manner that maintains
11 reasonable contributions and administrative costs. Providing
12 additional benefits to members and beneficiaries is the board's
13 priority.

14 **Sec. 11.** RCW 41.26.732 and 2003 c 92 s 6 are each amended to read
15 as follows:

16 (1) A law enforcement officers' and firefighters' retirement system
17 (~~(plan-2)~~) expense fund is created within the law enforcement officers'
18 and firefighters' retirement system (~~(plan-2)~~) fund.

19 (2) The state investment board has the full power to invest,
20 reinvest, manage, contract, sell, or exchange investment money in the
21 expense fund. The state investment board is authorized to adopt
22 investment policies for the money in the expense fund. All investment
23 and operating costs associated with the investment of money shall be
24 paid pursuant to RCW 43.33A.160 and 43.84.160. With the exception of
25 these expenses, the earnings from the investment of the money shall be
26 retained by the law enforcement officers' and firefighters' retirement
27 system plan 2 fund.

28 (3) All investments made by the investment board shall be made with
29 the exercise of that degree of judgment and care pursuant to RCW
30 43.33A.140 and the investment policy established by the state
31 investment board.

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

34 (5) The authority to establish all policies relating to the expense
35 fund, other than the investment policies as set forth in subsections
36 (2) through (4) of this section, resides with the law enforcement
37 officers' and firefighters' (~~(plan-2)~~) retirement board. With the

1 exception of investments by, and expenses of, the state investment
2 board set forth in subsection (2) of this section, disbursements from
3 this expense fund may be made only on the authorization of the law
4 enforcement officers' and firefighters' (~~(plan-2)~~) retirement board,
5 and money in the expense fund may be spent only for the purposes of
6 defraying the expenses of the law enforcement officers' and
7 firefighters' (~~(plan-2)~~) retirement board as provided in (~~(section-5,~~
8 ~~chapter 2, Laws of 2003)~~) RCW 41.26.720.

9 (6) The state investment board shall routinely consult and
10 communicate with the law enforcement officers' and firefighters' (~~(plan~~
11 ~~2)~~) retirement board on the investment policy, earnings of the trust,
12 and related needs of the expense fund.

13 (7) The law enforcement officers' and firefighters' (~~(plan-2)~~)
14 retirement board shall administer the expense fund in a manner
15 reasonably designed to be actuarially sound. The assets of the expense
16 fund must be sufficient to defray the obligations of the account
17 including the costs of administration. Money used for administrative
18 expenses is not subject to the allotment of all expenditures pursuant
19 to chapter 43.88 RCW. (~~(However,~~) An appropriation is not required
20 for expenditures. Administrative expenses include, but are not limited
21 to, the salaries and expenses of law enforcement officers' and
22 firefighters' (~~(plan-2)~~) retirement board personnel including lease
23 payments, travel, and goods and services necessary for operation of the
24 board, audits, and other general costs of conducting the business of
25 the board.

26 (8) The state investment board shall allocate from the law
27 enforcement officers' and firefighters' retirement system (~~(plan-2)~~)
28 fund to the expense fund the amount necessary to cover the expenses of
29 the law enforcement officers' and firefighters' (~~(plan-2)~~) retirement
30 board.

31 **Sec. 12.** RCW 41.45.010 and 2009 c 561 s 1 are each amended to read
32 as follows:

33 It is the intent of the legislature to provide a dependable and
34 systematic process for funding the benefits provided to members and
35 retirees of the public employees' retirement system, chapter 41.40 RCW;
36 the teachers' retirement system, chapter 41.32 RCW; the law enforcement
37 officers' and firefighters' retirement systems, chapter 41.26 RCW; the

1 school employees' retirement system, chapter 41.35 RCW; the public
2 safety employees' retirement system, chapter 41.37 RCW; and the
3 Washington state patrol retirement system, chapter 43.43 RCW.

4 The funding process established by this chapter is intended to
5 achieve the following goals:

6 (1) To fully fund the public employees' retirement system plans 2
7 and 3, the teachers' retirement system plans 2 and 3, the school
8 employees' retirement system plans 2 and 3, the public safety
9 employees' retirement system plan 2, and the law enforcement officers'
10 and firefighters' retirement system ((plan 2)) as provided by law;

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

14 ((3))) To fully amortize the unfunded actuarial accrued liability in
15 the public employees' retirement system plan 1 and the teachers'
16 retirement system plan 1 within a rolling ten-year period, using
17 methods and assumptions that balance needs for increased benefit
18 security, decreased contribution rate volatility, and affordability of
19 pension contribution rates;

20 ((4))) (3) To establish long-term employer contribution rates
21 which will remain a relatively predictable proportion of the future
22 state budgets; and

23 ((5))) (4) To fund, to the extent feasible, all benefits for plan
24 2 and 3 members over the working lives of those members so that the
25 cost of those benefits are paid by the taxpayers who receive the
26 benefit of those members' service.

27 **Sec. 13.** RCW 41.45.035 and 2009 c 561 s 2 are each amended to read
28 as follows:

29 (1) Beginning July 1, 2001, the following long-term economic
30 assumptions shall be used by the state actuary for the purposes of RCW
31 41.45.030:

- 32 (a) The growth in inflation assumption shall be 3.5 percent;
- 33 (b) The growth in salaries assumption, exclusive of merit or
34 longevity increases, shall be 4.5 percent;
- 35 (c) The investment rate of return assumption shall be 8 percent;
- 36 and

1 (d) The growth in system membership assumption shall be 1.25
2 percent for the public employees' retirement system, the public safety
3 employees' retirement system, the school employees' retirement system,
4 and the law enforcement officers' and firefighters' retirement system.
5 The assumption shall be .90 percent for the teachers' retirement
6 system.

7 (2) Beginning July 1, 2009, the growth in salaries assumption for
8 the public employees' retirement system, the public safety employees'
9 retirement system, the teachers' retirement system, the school
10 employees' retirement system, (~~plan 1 of the law enforcement officers'
11 and firefighters' retirement system,~~) and the Washington state patrol
12 retirement system, exclusive of merit or longevity increases, shall be
13 the sum of:

14 (a) The growth in inflation assumption in subsection (1)(a) of this
15 section; and

16 (b) The productivity growth assumption of 0.5 percent.

17 (3)(a) Beginning with actuarial studies done after July 1, 2003,
18 changes to plan asset values that vary from the long-term investment
19 rate of return assumption shall be recognized in the actuarial value of
20 assets over a period that varies up to eight years depending on the
21 magnitude of the deviation of each year's investment rate of return
22 relative to the long-term rate of return assumption. Beginning with
23 actuarial studies performed after July 1, 2004, the actuarial value of
24 assets shall not be greater than one hundred thirty percent of the
25 market value of assets as of the valuation date or less than seventy
26 percent of the market value of assets as of the valuation date.
27 Beginning April 1, 2004, the council, by affirmative vote of four
28 councilmembers, may adopt changes to this asset value smoothing
29 technique. Any changes adopted by the council shall be subject to
30 revision by the legislature.

31 (b) The state actuary shall periodically review the appropriateness
32 of the asset smoothing method in this section and recommend changes to
33 the council as necessary. Any changes adopted by the council shall be
34 subject to revision by the legislature.

35 (4) Changes in the long-term economic assumptions, recognition of
36 asset values that vary from the long-term investment rate of
37 assumption, or limits on the extent to which the market value of assets
38 can deviate from the actuarial value of assets used in actuarial

1 studies on the law enforcement officers' and firefighters' retirement
2 system shall be adopted by the law enforcement officers' and
3 firefighters' retirement board pursuant to RCW 41.26.720. Any changes
4 adopted by the board shall not be subject to revision by the
5 legislature if they are certified as being reasonable by the state
6 actuary.

7 **Sec. 14.** 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, and
12 the Washington state patrol retirement system shall make contributions
13 to those systems based on the rates established in RCW 41.45.060 and
14 41.45.070.

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

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

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

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

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

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

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

29 **Sec. 15.** RCW 41.45.060 and 2009 c 561 s 3 are each amended to read
30 as follows:

31 (1) The state actuary shall provide preliminary actuarial valuation
32 results based on the economic assumptions and asset value smoothing
33 technique included in RCW 41.45.035 or adopted under RCW 41.45.030 or
34 41.45.035.

35 (2) Not later than July 31, 2008, and every two years thereafter,
36 consistent with the economic assumptions and asset value smoothing

1 technique included in RCW 41.45.035 or adopted under RCW 41.45.030 or
2 41.45.035, the council shall adopt and may make changes to:

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

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

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

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

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

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

20 ~~(b))~~) To fully fund the public employees' retirement system plans
21 2 and 3, the teachers' retirement system plans 2 and 3, the public
22 safety employees' retirement system plan 2, and the school employees'
23 retirement system plans 2 and 3 in accordance with RCW 41.45.061,
24 41.45.067, and this section; and

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

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

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

36 (6) The employer contribution rate for the public employees'
37 retirement system and the school employees' retirement system shall
38 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 accrued
5 liability in plan 1 of the public employees' retirement system over a
6 rolling ten-year period using projected future salary growth and growth
7 in system membership, and subject to any minimum or maximum rates
8 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 that
11 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 pursuant
16 to RCW 41.45.150.

17 (7) The employer contribution rate for the public safety employees'
18 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 accrued
22 liability in plan 1 of the public employees' retirement system over a
23 rolling ten-year period using projected future salary growth and growth
24 in system membership, and subject to any minimum or maximum rates
25 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 that
28 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 pursuant
33 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

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

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

13 (9) The council shall immediately notify the directors of the
14 office of financial management and department of retirement systems of
15 the state and employer contribution rates adopted. The rates shall be
16 effective for the ensuing biennial period, subject to any legislative
17 modifications.

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

21 (11) The state actuary shall prepare final actuarial valuation
22 results based on the economic assumptions, asset value smoothing
23 technique, and contribution rates included in or adopted under RCW
24 41.45.030, 41.45.035, and this section.

25 **Sec. 16.** RCW 41.45.0604 and 2007 c 280 s 3 are each amended to
26 read as follows:

27 (1) Not later than July 31, (~~(2008)~~) 2012, and every even-numbered
28 year thereafter, the law enforcement officers' and firefighters' (~~(plan~~
29 ~~2))~~) retirement board shall adopt contribution rates for the law
30 enforcement officers' and firefighters' retirement system plan 1 and
31 plan 2 as provided in RCW 41.26.720(1)(a).

32 (2) The law enforcement officers' and firefighters' plan 2
33 retirement board shall immediately notify the directors of the office
34 of financial management and department of retirement systems of the
35 state, employer, and employee rates adopted. Thereafter, the director
36 shall collect those rates adopted by the board. The rates shall be

1 effective for the ensuing biennial period, and are not subject to any
2 legislative modifications if they are certified as being reasonable by
3 the state actuary.

4 **Sec. 17.** RCW 41.45.067 and 2001 2nd sp.s. c 11 s 14 are each
5 amended to read as follows:

6 (1) Any increase in the contribution rate required as the result of
7 a failure of the state or of an employer to make any contribution
8 required by this section shall be borne in full by the state or by that
9 employer not making the contribution.

10 (2) The director shall notify all employers of any pending
11 adjustment in the required contribution rate and such pending
12 adjustment in the required contribution rate and any increase shall be
13 announced at least thirty days prior to the effective date of the
14 change.

15 (3) Members' contributions required by RCW 41.45.060 and 41.45.061
16 shall be deducted from the members' compensation each payroll period.
17 The members' contribution and the employers' contribution shall be
18 remitted directly to the department within fifteen days following the
19 end of the calendar month during which the payroll period ends.

20 (4) The state's contribution required for the law enforcement
21 officers' and firefighters' retirement system plan 1 or plan 2 shall be
22 transferred to the appropriate fund from the total contributions
23 transferred by the state treasurer under RCW 41.45.050.

24 **Sec. 18.** RCW 41.45.070 and 2009 c 561 s 4 are each amended to read
25 as follows:

26 (1) In addition to the basic employer contribution rate established
27 in RCW 41.45.060 (~~or 41.45.054~~), the department shall also charge
28 employers of public employees' retirement system, teachers' retirement
29 system, school employees' retirement system, public safety employees'
30 retirement system, or Washington state patrol retirement system members
31 an additional supplemental rate to pay for the cost of additional
32 benefits, if any, granted to members of those systems. Except as
33 provided in subsections (6), (7), and (9) of this section, the
34 supplemental contribution rates required by this section shall be
35 calculated by the state actuary and shall be charged regardless of

1 language to the contrary contained in the statute which authorizes
2 additional benefits.

3 (2) In addition to the basic member, employer, and state
4 contribution rate established in RCW 41.45.0604 for the law enforcement
5 officers' and firefighters' retirement system (~~plan 2~~), the
6 department shall also establish supplemental rates to pay for the cost
7 of additional benefits, if any, granted to members of the law
8 enforcement officers' and firefighters' retirement system (~~plan 2~~).
9 Except as provided in subsection (6) of this section, these
10 supplemental rates shall be calculated by the actuary retained by the
11 law enforcement officers' and firefighters' board and the state actuary
12 through the process provided in RCW 41.26.720(1)(a) and the state
13 treasurer shall transfer the additional required contributions
14 regardless of language to the contrary contained in the statute which
15 authorizes the additional benefits.

16 (3) Beginning July 1, 2009, the supplemental rate charged under
17 this section to fund benefit increases provided to active members of
18 the public employees' retirement system plan 1 and the teachers'
19 retirement system plan 1 shall be calculated as the level percentage of
20 all system pay needed to fund the cost of the benefit over a fixed ten-
21 year period, using projected future salary growth and growth in system
22 membership. The supplemental rate to fund benefit increases provided
23 to active members of the public employees' retirement system plan 1
24 shall be charged to all system employers in the public employees'
25 retirement system, the school employees' retirement system, and the
26 public safety employees' retirement system. The supplemental rate to
27 fund benefit increases provided to active members of the teachers'
28 retirement system plan 1 shall be charged to all system employers in
29 the teachers' retirement system.

30 (4) The supplemental rate charged under this section to fund
31 benefit increases provided to active and retired members of the public
32 employees' retirement system plan 2 and plan 3, the teachers'
33 retirement system plan 2 and plan 3, the public safety employees'
34 retirement system plan 2, the school employees' retirement system plan
35 2 and plan 3, or the Washington state patrol retirement system shall be
36 calculated as the level percentage of all members' pay needed to fund
37 the cost of the benefit, as calculated under RCW 41.45.060, 41.45.061,
38 41.45.0631, or 41.45.067.

1 (5) The supplemental rate charged under this section to fund
2 postretirement adjustments which are provided on a nonautomatic basis
3 to current retirees shall be calculated as the percentage of pay needed
4 to fund the adjustments as they are paid to the retirees. Beginning
5 July 1, 2009, the supplemental rate charged under this section to fund
6 increases in the automatic postretirement adjustments for active or
7 retired members of the public employees' retirement system plan 1 and
8 the teachers' retirement system plan 1 shall be calculated as the level
9 percentage of pay needed to fund the cost of the automatic adjustments
10 over a fixed ten-year period, using projected future salary growth and
11 growth in system membership. The supplemental rate to fund increases
12 in the automatic postretirement adjustments for active members or
13 retired members of the public employees' retirement system plan 1 shall
14 be charged to all system employers in the public employees' retirement
15 system, the school employees' retirement system, and the public safety
16 employees' retirement system. The supplemental rate to fund increases
17 in automatic postretirement adjustments for active members or retired
18 members of the teachers' retirement system plan 1 shall be charged to
19 all system employers in the teachers' retirement system.

20 (6) A supplemental rate shall not be charged to pay for the cost of
21 additional benefits granted to members pursuant to chapter 340, Laws of
22 1998.

23 (7) A supplemental rate shall not be charged to pay for the cost of
24 additional benefits granted to members pursuant to chapter 41.31A RCW;
25 section 309, chapter 341, Laws of 1998; or section 701, chapter 341,
26 Laws of 1998.

27 (8) A supplemental rate shall not be charged to pay for the cost of
28 additional benefits granted to members and survivors pursuant to
29 chapter 94, Laws of 2006.

30 (9) A supplemental rate shall not be charged to pay for the cost of
31 the additional benefits granted to members of the teachers' retirement
32 system and the school employees' retirement system plans 2 and 3 in
33 sections 2, 4, 6, and 8, chapter 491, Laws of 2007 until September 1,
34 2008. A supplemental rate shall not be charged to pay for the cost of
35 the additional benefits granted to members of the public employees'
36 retirement system plans 2 and 3 under sections 9 and 10, chapter 491,
37 Laws of 2007 until July 1, 2008.

1 appropriate trust fund or are incurred in compliance with statutes
2 governing such funds.

3 The term "legal expense" includes, but is not limited to, legal
4 services provided through the legal services revolving fund, fees for
5 expert witnesses, travel expenses, fees for court reporters, cost of
6 transcript preparation, and reproduction of documents.

7 The term "medical costs" includes, but is not limited to, expenses
8 for the medical examination or reexamination of members or retirees,
9 the costs of preparation of medical reports, and fees charged by
10 medical professionals for attendance at discovery proceedings or
11 hearings.

12 The director may also pay from the interest earnings of the trust
13 funds specified in this section costs incurred in investigating fraud
14 and collecting overpayments, including expenses incurred to review and
15 investigate cases of possible fraud against the trust funds and
16 collection agency fees and other costs incurred in recovering
17 overpayments. Recovered funds must be returned to the appropriate
18 trust funds.

19 (2) The law enforcement officers' and firefighters' retirement
20 board is authorized to pay from the interest earnings of the law
21 enforcement officers' and firefighters' retirement system trust fund
22 lawful obligations for legal expenses that are primarily incurred for
23 the purpose of protecting the trust fund or incurred in compliance with
24 statutes governing the fund.

25 **Sec. 21.** RCW 43.84.092 and 2011 1st sp.s. c 16 s 6, 2011 1st sp.s.
26 c 7 s 22, 2011 c 369 s 6, 2011 c 339 s 1, 2011 c 311 s 9, 2011 c 272 s
27 3, 2011 c 120 s 3, and 2011 c 83 s 7 are each reenacted and amended to
28 read as follows:

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

32 (2) The treasury income account shall be utilized to pay or receive
33 funds associated with federal programs as required by the federal cash
34 management improvement act of 1990. The treasury income account is
35 subject in all respects to chapter 43.88 RCW, but no appropriation is
36 required for refunds or allocations of interest earnings required by
37 the cash management improvement act. Refunds of interest to the

1 federal treasury required under the cash management improvement act
2 fall under RCW 43.88.180 and shall not require appropriation. The
3 office of financial management shall determine the amounts due to or
4 from the federal government pursuant to the cash management improvement
5 act. The office of financial management may direct transfers of funds
6 between accounts as deemed necessary to implement the provisions of the
7 cash management improvement act, and this subsection. Refunds or
8 allocations shall occur prior to the distributions of earnings set
9 forth in subsection (4) of this section.

10 (3) Except for the provisions of RCW 43.84.160, the treasury income
11 account may be utilized for the payment of purchased banking services
12 on behalf of treasury funds including, but not limited to, depository,
13 safekeeping, and disbursement functions for the state treasury and
14 affected state agencies. The treasury income account is subject in all
15 respects to chapter 43.88 RCW, but no appropriation is required for
16 payments to financial institutions. Payments shall occur prior to
17 distribution of earnings set forth in subsection (4) of this section.

18 (4) Monthly, the state treasurer shall distribute the earnings
19 credited to the treasury income account. The state treasurer shall
20 credit the general fund with all the earnings credited to the treasury
21 income account except:

22 (a) The following accounts and funds shall receive their
23 proportionate share of earnings based upon each account's and fund's
24 average daily balance for the period: The aeronautics account, the
25 aircraft search and rescue account, the budget stabilization account,
26 the capital vessel replacement account, the capitol building
27 construction account, the Cedar River channel construction and
28 operation account, the Central Washington University capital projects
29 account, the charitable, educational, penal and reformatory
30 institutions account, the cleanup settlement account, the Columbia
31 river basin water supply development account, the Columbia river basin
32 taxable bond water supply development account, the Columbia river basin
33 water supply revenue recovery account, the common school construction
34 fund, the county arterial preservation account, the county criminal
35 justice assistance account, the county sales and use tax equalization
36 account, the deferred compensation administrative account, the deferred
37 compensation principal account, the department of licensing services
38 account, the department of retirement systems expense account, the

1 developmental disabilities community trust account, the drinking water
2 assistance account, the drinking water assistance administrative
3 account, the drinking water assistance repayment account, the Eastern
4 Washington University capital projects account, the Interstate 405
5 express toll lanes operations account, the education construction fund,
6 the education legacy trust account, the election account, the energy
7 freedom account, the energy recovery act account, the essential rail
8 assistance account, The Evergreen State College capital projects
9 account, the federal forest revolving account, the ferry bond
10 retirement fund, the freight congestion relief account, the freight
11 mobility investment account, the freight mobility multimodal account,
12 the grade crossing protective fund, the public health services account,
13 the health system capacity account, the high capacity transportation
14 account, the state higher education construction account, the higher
15 education construction account, the highway bond retirement fund, the
16 highway infrastructure account, the highway safety account, the high
17 occupancy toll lanes operations account, the hospital safety net
18 assessment fund, the industrial insurance premium refund account, the
19 judges' retirement account, the judicial retirement administrative
20 account, the judicial retirement principal account, the local leasehold
21 excise tax account, the local real estate excise tax account, the local
22 sales and use tax account, the marine resources stewardship trust
23 account, the medical aid account, the mobile home park relocation fund,
24 the motor vehicle fund, the motorcycle safety education account, the
25 multiagency permitting team account, the multimodal transportation
26 account, the municipal criminal justice assistance account, the
27 municipal sales and use tax equalization account, the natural resources
28 deposit account, the oyster reserve land account, the pension funding
29 stabilization account, the perpetual surveillance and maintenance
30 account, the public employees' retirement system plan 1 account, the
31 public employees' retirement system combined plan 2 and plan 3 account,
32 the public facilities construction loan revolving account beginning
33 July 1, 2004, the public health supplemental account, the public
34 transportation systems account, the public works assistance account,
35 the Puget Sound capital construction account, the Puget Sound ferry
36 operations account, the Puyallup tribal settlement account, the real
37 estate appraiser commission account, the recreational vehicle account,
38 the regional mobility grant program account, the resource management

1 cost account, the rural arterial trust account, the rural mobility
2 grant program account, the rural Washington loan fund, the site closure
3 account, the skilled nursing facility safety net trust fund, the small
4 city pavement and sidewalk account, the special category C account, the
5 special wildlife account, the state employees' insurance account, the
6 state employees' insurance reserve account, the state investment board
7 expense account, the state investment board commingled trust fund
8 accounts, the state patrol highway account, the state route number 520
9 civil penalties account, the state route number 520 corridor account,
10 the state wildlife account, the supplemental pension account, the
11 Tacoma Narrows toll bridge account, the teachers' retirement system
12 plan 1 account, the teachers' retirement system combined plan 2 and
13 plan 3 account, the tobacco prevention and control account, the tobacco
14 settlement account, the transportation 2003 account (nickel account),
15 the transportation equipment fund, the transportation fund, the
16 transportation improvement account, the transportation improvement
17 board bond retirement account, the transportation infrastructure
18 account, the transportation partnership account, the traumatic brain
19 injury account, the tuition recovery trust fund, the University of
20 Washington bond retirement fund, the University of Washington building
21 account, the volunteer firefighters' and reserve officers' relief and
22 pension principal fund, the volunteer firefighters' and reserve
23 officers' administrative fund, the Washington judicial retirement
24 system account, the Washington law enforcement officers' and
25 firefighters' system ((~~plan 1~~)) retirement account, ((~~the Washington~~
26 ~~law enforcement officers' and firefighters' system plan 2 retirement~~
27 ~~account,~~)) the Washington public safety employees' plan 2 retirement
28 account, the Washington school employees' retirement system combined
29 plan 2 and 3 account, the Washington state economic development
30 commission account, the Washington state health insurance pool account,
31 the Washington state patrol retirement account, the Washington State
32 University building account, the Washington State University bond
33 retirement fund, the water pollution control revolving fund, and the
34 Western Washington University capital projects account. Earnings
35 derived from investing balances of the agricultural permanent fund, the
36 normal school permanent fund, the permanent common school fund, the
37 scientific permanent fund, and the state university permanent fund
38 shall be allocated to their respective beneficiary accounts.

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

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

10 NEW SECTION. **Sec. 22.** Section 1 of this act is necessary for the
11 immediate preservation of the public peace, health, or safety, or
12 support of the state government and its existing public institutions,
13 and takes effect immediately.

--- END ---