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**SENATE BILL 5900**

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**State of Washington 65th Legislature 2017 Regular Session**

**By** Senator Braun

AN ACT Relating to making expenditures from the budget stabilization account for public employer unfunded actuarially accrued liabilities; adding a new section to chapter 41.50 RCW; adding a new section to chapter 41.45 RCW; creating a new section; making an appropriation; and declaring an emergency.

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

NEW SECTION. **Sec.**  The legislature finds that the public employees' retirement system plan 1 has an unfunded actuarially accrued liability of more than five billion dollars. The legislature further finds that about seventy percent of the moneys in the state's pension systems are the result of investment returns. The legislature further finds that the investment returns from a large contribution toward the unfunded actuarial liability will result in present and future decreased costs to taxpayers. Therefore, the legislature intends to appropriate moneys from the budget stabilization account to use transfers from extraordinary revenue growth to reduce the unfunded actuarially accrued liability of the public employees' retirement system plan 1.

NEW SECTION. **Sec.**  **FOR THE DEPARTMENT OF RETIREMENT SYSTEMS—PUBLIC EMPLOYEES' RETIREMENT SYSTEM PLAN 1 FUND**

The sum of $700,000,000 is appropriated from the budget stabilization account on June 30, 2017, and is provided solely for expenditure into the public employees' retirement system plan 1 fund to reduce the unfunded actuarially accrued liability in the public employees' retirement system plan 1. For purposes of RCW 43.88.055(4), the appropriation in this section does not suspend the requirements of RCW 43.88.055(1).

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

(1) A surcharge is established on each employer, as defined in RCW 41.35.010, 41.37.010, or 41.40.010, to reimburse the state general fund for the value of the state's contribution toward the plan's underfunded actuarially accrued liability under section 2 of this act.

(2)(a) Beginning July 1, 2018, and ending June 30, 2019, the department shall bill each employer a surcharge of 0.42 percent each month.

(b) Beginning July 1, 2019, and ending June 30, 2021, the department shall bill each employer a surcharge of 0.63 percent each month.

(c) Beginning July 1, 2021, and ending June 30, 2023, the department shall bill each employer a surcharge of 0.36 percent each month.

(d) Beginning July 1, 2027, and ending June 30, 2028, the department shall bill each employer a surcharge of 0.50 percent each month.

(e) Beginning July 1, 2028, and ending June 30, 2029, the department shall bill each employer a surcharge of 3.50 percent each month.

(f) Beginning July 1, 2029, and ending June 30, 2030, the department shall bill each employer a surcharge of 1.48 percent each month.

(3) Collections of the surcharge established in this section shall be deposited to the state general fund.

NEW SECTION. **Sec.**  A new section is added to chapter 41.45 RCW to read as follows:

For the 2019 fiscal year, the pension funding council shall adopt an annual supplemental employer rate that reflects the impact of the state's contribution toward the public employees' retirement system plan's underfunded actuarially accrued liability under section 2 of this act.

NEW SECTION. **Sec.**  This act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and takes effect immediately.

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