
SUBSTITUTE SENATE BILL 5900

State of Washington 65th Legislature 2017 Regular Session

By Senate Ways & Means (originally sponsored by Senator Braun)

READ FIRST TIME 03/23/17.

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

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

7 NEW SECTION. **Sec. 1.** The legislature finds that the public
8 employees' retirement system plan 1 has an unfunded actuarially
9 accrued liability of more than five billion dollars. The legislature
10 further finds that in addition to the state general fund, other state
11 and local government funds are responsible for amortizing the public
12 employees' retirement system plan 1 unfunded actuarially accrued
13 liability. The legislature further finds that about seventy percent
14 of the moneys in the state's pension systems are the result of
15 investment returns. The legislature further finds that the investment
16 returns from a large contribution toward the unfunded actuarially
17 liability will result in present and future decreased costs to
18 taxpayers. Therefore, the legislature intends to appropriate moneys
19 from the budget stabilization account to use transfers from
20 extraordinary revenue growth to reduce the unfunded actuarially
21 accrued liability of the public employees' retirement system plan 1.

1 NEW SECTION. **Sec. 2. FOR THE DEPARTMENT OF RETIREMENT SYSTEMS—**
2 **PUBLIC EMPLOYEES' RETIREMENT SYSTEM PLAN 1 FUND**

3 The sum of \$700,000,000 is appropriated from the budget
4 stabilization account on June 30, 2017, and is provided solely for
5 expenditure into the public employees' retirement system plan 1 fund
6 to reduce the unfunded actuarially accrued liability in the public
7 employees' retirement system plan 1. For purposes of RCW
8 43.88.055(4), the appropriation in this section does not suspend the
9 requirements of RCW 43.88.055(1).

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

12 (1) A surcharge is established on each employer, as defined in
13 RCW 41.35.010, 41.37.010, or 41.40.010, to reimburse the state
14 general fund for the expected reduction in the unfunded actuarially
15 accrued liability for all employers due to the payment made from the
16 state general fund under section 2 of this act.

17 (2)(a) Beginning July 1, 2017, and ending June 30, 2019, the
18 department shall bill each employer a surcharge of 0.40 percent each
19 month.

20 (b) Beginning July 1, 2019, and ending June 30, 2021, the
21 department shall bill each employer a surcharge of 0.65 percent each
22 month.

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

26 (d) Beginning July 1, 2027, and ending June 30, 2028, the
27 department shall bill each employer a surcharge of 0.03 percent each
28 month.

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

32 (f) Beginning July 1, 2029, and ending June 30, 2030, the
33 department shall bill each employer a surcharge of 0.74 percent each
34 month. The surcharge rate in this subsection (2)(f) represents one-
35 half of the expected reduction in the unfunded actuarially accrued
36 liability to allow local government employers to benefit from savings
37 that result from the payment made from the state general fund under
38 section 2 of this act.

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

3 NEW SECTION. **Sec. 4.** A new section is added to chapter 41.45
4 RCW to read as follows:

5 For the 2017-2019 fiscal biennium, the contribution rate to the
6 public employees' retirement system plan 1 unfunded actuarially
7 accrued liability is reduced by 0.40 to 4.63 percent to reflect the
8 payment made under section 2 of this act.

9 NEW SECTION. **Sec. 5.** This act is necessary for the immediate
10 preservation of the public peace, health, or safety, or support of
11 the state government and its existing public institutions, and takes
12 effect immediately.

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