
SENATE BILL 5900

State of Washington

65th Legislature

2017 Regular Session

By Senator Braun

Read first time 03/21/17. Referred to Committee on Ways & Means.

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 about seventy percent of the moneys in the state's
11 pension systems are the result of investment returns. The legislature
12 further finds that the investment returns from a large contribution
13 toward the unfunded actuarial liability will result in present and
14 future decreased costs to taxpayers. Therefore, the legislature
15 intends to appropriate moneys from the budget stabilization account
16 to use transfers from extraordinary revenue growth to reduce the
17 unfunded actuarially accrued liability of the public employees'
18 retirement system plan 1.

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

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

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

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

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

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

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

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

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

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

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

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

37 For the 2019 fiscal year, the pension funding council shall adopt
38 an annual supplemental employer rate that reflects the impact of the

1 state's contribution toward the public employees' retirement system
2 plan's underfunded actuarially accrued liability under section 2 of
3 this act.

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

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