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SENATE BILL 5392

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State of Washington

63rd Legislature

2013 Regular Session

By Senators Bailey, Holmquist Newbry, Delvin, Tom, Fain, Honeyford,  
and Schoesler

Read first time 01/29/13. Referred to Committee on Ways & Means.

1 AN ACT Relating to limiting the impact of excess compensation on  
2 state retirement system contribution rates; and amending RCW 41.50.150.

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

4 **Sec. 1.** RCW 41.50.150 and 2004 c 242 s 47 are each amended to read  
5 as follows:

6 (1) The employer of any employee whose retirement benefits are  
7 based in part on excess compensation, as defined in this section,  
8 shall, upon receipt of a billing from the department, pay into the  
9 appropriate retirement system the present value at the time of the  
10 employee's retirement of the total estimated cost of all present and  
11 future benefits from the retirement system attributable to the excess  
12 compensation. The state actuary shall determine the estimated cost  
13 using the same method and procedure as is used in preparing fiscal note  
14 costs for the legislature. However, the director may in the director's  
15 discretion decline to bill the employer if the amount due is less than  
16 fifty dollars. Accounts unsettled within thirty days of the receipt of  
17 the billing shall be assessed an interest penalty of one percent of the  
18 amount due for each month or fraction thereof beyond the original  
19 thirty-day period.

1 (2) "Excess compensation," as used in this section, includes the  
2 following payments, if used in the calculation of the employee's  
3 retirement allowance:

4 (a) A cash out of unused annual leave in excess of two hundred  
5 forty hours of such leave. "Cash out" for purposes of this subsection  
6 means:

7 (i) Any payment in lieu of an accrual of annual leave; or

8 (ii) Any payment added to salary or wages, concurrent with a  
9 reduction of annual leave;

10 (b) A cash out of any other form of leave;

11 (c) A payment for, or in lieu of, any personal expense or  
12 transportation allowance to the extent that payment qualifies as  
13 reportable compensation in the member's retirement system;

14 (d) The portion of any payment, including overtime payments, that  
15 exceeds twice the regular daily or hourly rate of pay; (~~and~~)

16 (e) The portion of total reportable compensation in the salary  
17 averaging period used in the calculation of the employee's retirement  
18 allowance that, due to reportable compensation from overtime, bonuses,  
19 cash outs of any form of leave, or lump sum payments, exceeds one and  
20 one-half times the employee's total reportable compensation in the  
21 immediately preceding service creditable time period of equivalent  
22 length; and

23 (f) Any termination or severance payment.

24 (3) This section applies to the retirement systems listed in RCW  
25 41.50.030 and to retirements occurring on or after March 15, 1984.  
26 Nothing in this section is intended to amend or determine the meaning  
27 of any definition in chapter 2.10, 2.12, 41.26, 41.32, 41.40, 41.35,  
28 41.37, or 43.43 RCW or to determine in any manner what payments are  
29 includable in the calculation of a retirement allowance under such  
30 chapters.

31 (4) An employer is not relieved of liability under this section  
32 because of the death of any person either before or after the billing  
33 from the department.

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