

1 NEW SECTION. **Sec. 3.** DEPARTMENT. "Department" means the
2 department of revenue.

3 NEW SECTION. **Sec. 4.** GROSS INCOME. (1) "Gross income" means all
4 income from whatever source derived, including but not limited to the
5 following items:

6 (a) Compensation for services, including fees, commissions, and
7 similar items;

8 (b) Gross income derived from business;

9 (c) Gains derived from dealings in property;

10 (d) Interest;

11 (e) Rents;

12 (f) Royalties;

13 (g) Dividends;

14 (h) Alimony and separate maintenance payments;

15 (i) Annuities;

16 (j) Income from life insurance and endowment contracts;

17 (k) Pensions;

18 (l) Income from discharge of indebtedness;

19 (m) Distributive share of partnership gross income;

20 (n) Income in respect of a decedent; and

21 (o) Income from an interest in an estate or trust.

22 (2) Notwithstanding subsection (1) of this section, gross income
23 does not include property of the United States and of the state,
24 counties, school districts and other municipal corporations, and
25 credits secured by property actually taxed in this state, not exceeding
26 in value the value of the property.

27 NEW SECTION. **Sec. 5.** INDIVIDUAL. "Individual" means a natural
28 person.

29 NEW SECTION. **Sec. 6.** INTERNAL REVENUE CODE. "Internal Revenue
30 Code" means the United States Internal Revenue Code of 1986, as
31 amended, as existing on January 1, 1993.

32 NEW SECTION. **Sec. 7.** PERSON. "Person" includes individuals,
33 corporations, partnerships, firms, companies, fiduciaries, and any
34 other group or combination acting as a unit.

1 NEW SECTION. **Sec. 8.** RESIDENT. "Resident" includes:

2 (1) An individual who:

3 (a) Has resided in this state for the entire taxable year;

4 (b) Is domiciled in this state unless the individual:

5 (i) Maintains no permanent place of abode in this state;

6 (ii) Does maintain a permanent place of abode elsewhere; and

7 (iii) Spends in the aggregate not more than thirty days in the
8 taxable year in this state;

9 (c) Is not domiciled in this state, but maintains a permanent place
10 of abode in this state and spends in the aggregate more than one
11 hundred eighty-three days of the taxable year in this state unless the
12 individual establishes to the satisfaction of the director of revenue
13 that the individual is in the state only for temporary or transitory
14 purposes; or

15 (d) Claims the state of Washington as the individual's tax home for
16 federal income tax purposes;

17 (2) A "resident" estate means an estate of which a personal
18 representative was appointed by a Washington court or an estate the
19 administration of which is carried on in this state; and

20 (3) A "resident" trust means a trust whose situs as determined
21 under RCW 11.96.040 is within the state of Washington.

22 NEW SECTION. **Sec. 9.** TAXABLE INCOME. "Taxable income" means
23 gross income as modified under section 14 of this act.

24 NEW SECTION. **Sec. 10.** TAXABLE YEAR. "Taxable year" means the
25 taxpayer's taxable year as defined under the Internal Revenue Code.

26 NEW SECTION. **Sec. 11.** TAXPAYER. "Taxpayer" means a person
27 receiving income subject to the optional tax provision under this
28 title.

29 NEW SECTION. **Sec. 12.** DEFINITION OF TERMS GENERALLY. Except as
30 provided in sections 1 through 11 of this act, a term used in this
31 title has the same meaning as when used in a comparable context in the
32 Internal Revenue Code.

33 **PART II**

34 **OPTIONAL INCOME TAX--TAXABLE INCOME MODIFICATIONS**

1 of the tax imposed under this title is guilty of a class C felony as
2 provided in chapter 9A.20 RCW.

3 (2) A person required to collect the optional tax imposed under
4 this title who knowingly fails to collect, truthfully account for, or
5 pay over the tax is guilty of a class C felony as provided in chapter
6 9A.20 RCW.

7 (3) A person who knowingly fails to pay the optional tax, pay
8 estimated tax, make returns, keep records, or supply information, as
9 required under this title, is guilty of a gross misdemeanor as provided
10 in chapter 9A.20 RCW.

11 **PART V**

12 **OPTIONAL INCOME TAX--ADMINISTRATION AND ENFORCEMENT**

13 NEW SECTION. **Sec. 20.** METHOD OF ACCOUNTING. (1) A taxpayer's
14 method of accounting for purposes of the optional tax imposed under
15 this title must be the same as the taxpayer's method of accounting for
16 federal income tax purposes. If a method of accounting has not been
17 regularly used by a taxpayer for federal income tax purposes, tax due
18 under this title must be computed by a method of accounting that in the
19 opinion of the department fairly reflects income.

20 (2) If a person's method of accounting is changed for federal
21 income tax purposes, it must be similarly changed for purposes of this
22 title.

23 NEW SECTION. **Sec. 21.** RECORDS--RETURNS. (1) A taxpayer and a
24 person required to collect the optional tax imposed under this title
25 shall keep records, render statements, make returns, file reports, and
26 perform other acts, as the department requires by rule. A return must
27 be made under penalty of perjury and on forms prescribed by the
28 department. The department may require other statements and reports be
29 made under penalty of perjury and on forms prescribed by the
30 department. The department may require a taxpayer and a person
31 required to collect the optional tax imposed under this title to
32 furnish to the department a correct copy of a return or document that
33 the taxpayer has filed with the internal revenue service or received
34 from the internal revenue service.

1 (2) Books and records and other papers and documents required to be
2 kept under this title are subject to inspection by the department at
3 all times during business hours of the day.

4 NEW SECTION. **Sec. 22.** COMBINED REPORTING--ADMINISTRATIVE
5 ADJUSTMENTS. (1) If a corporation that reports under this title owns
6 or controls, either directly or indirectly, another corporation or
7 corporations except foreign corporations, or if a corporation that
8 reports under this title is owned or controlled, either directly or
9 indirectly, by another corporation except a foreign corporation, the
10 department may require a combined or consolidated report showing the
11 combined taxable income and apportionment factors of the controlled
12 group, excluding foreign corporations, and other information the
13 department deems necessary to ascertain the taxable income of the
14 corporations. The department may, in such a manner as it may
15 determine, assess the tax against the corporations that report under
16 this title and whose taxable income is involved in the report upon the
17 basis of the combined entire taxable income; or the department may
18 adjust the optional tax in such another manner as the department
19 determines to be equitable if it determines the adjustment is necessary
20 to prevent evasion of taxes or to reflect the income earned by the
21 corporations from business done in this state. Direct or indirect
22 ownership or control of more than fifty percent of the voting stock of
23 a corporation constitutes ownership or control for purposes of this
24 section.

25 (2) If two or more organizations, trades, or businesses, whether or
26 not incorporated, whether or not organized in or having income from
27 sources allocable to this state, and whether or not affiliated, are
28 owned or controlled directly or indirectly by the same interests, the
29 department may distribute, apportion, or allocate income, deductions,
30 credits, exemptions, or allowances between or among the organizations,
31 trades, or businesses if it determines that the distribution,
32 apportionment, or allocation is necessary to prevent evasion of the
33 optional tax imposed by this title.

34 NEW SECTION. **Sec. 23.** SERVICE OF PROCESS. (1) A person who
35 incurs the optional tax liability under this title and who removes from
36 this state or conceals his or her whereabouts is considered to appoint
37 the secretary of state of this state as the person's agent for service

1 of process or notice in a judicial or administrative proceeding under
2 this title. The department shall serve this process or notice on the
3 secretary of state by leaving at the office of the secretary of state,
4 at least fifteen days before the return day of the process or notice,
5 a certified copy of the process or notice and by sending to the person,
6 by registered or certified mail, a certified copy with an endorsement
7 on the copy of the service upon the secretary of state, addressed to
8 the person at the person's last known address.

9 (2) Service of process or notice in the manner and under the
10 circumstances provided in this section is of the same force and
11 validity as if served upon the person personally within this state.
12 Proof of this service may be made in a judicial or administrative
13 proceeding by the affidavit of the authorized agent of the department
14 who made the service, with a copy of the process or notice that was so
15 served attached to the affidavit.

16 NEW SECTION. **Sec. 24.** PROVISIONS OF INTERNAL REVENUE CODE
17 CONTROL. (1) To the extent possible, without being inconsistent with
18 this title, all of the provisions of the Internal Revenue Code relating
19 to the following subjects apply to the optional taxes imposed under
20 this title:

21 (a) Time and manner of payment of the optional tax imposed under
22 this title, including tax withheld under section 18 of this act;

23 (b) Periods of limitation upon assessment and collection of taxes.
24 However, if a taxpayer fails to report a change or correction
25 increasing his or her federal gross income, or fails to report a change
26 or correction that is treated as if it were a deficiency for federal
27 income tax purposes, an assessment may be made at any time within one
28 year of the date on which the department first learns of the change or
29 correction;

30 (c) Interest for underpayments and overpayments;

31 (d) Liability of transferees;

32 (e) Closing agreements and compromises;

33 (f) Deficiency procedures, except that the state board of tax
34 appeals shall review deficiencies under chapter 82.03 RCW;

35 (g) Penalties and additions for failure to timely file returns or
36 pay taxes;

37 (h) Timing, amount, and manner of payment of estimated tax
38 payments;

1 (i) Time and manner of making returns, verification of returns, and
2 the time when a return is deemed filed; and

3 (j) Powers of the secretary of the treasury, exercised under this
4 title by the department, to prepare and execute returns, to prescribe
5 forms, to enforce collection of the optional tax through liens and
6 seizure of property, and to impose penalties.

7 (2) The department may adopt rules to provide modifications and
8 exceptions to the provisions listed in subsection (1) of this section
9 if reasonably necessary to facilitate the prompt, efficient, and
10 equitable collection of the optional tax under this title.

11 NEW SECTION. **Sec. 25.** RULES. The department may adopt rules
12 under chapter 34.05 RCW for the administration and enforcement of this
13 title. The rules, to the extent possible without being inconsistent
14 with this title, must follow the Internal Revenue Code, and the
15 regulations and rulings of the United States treasury department with
16 respect to the federal income tax. The department may adopt as a part
17 of these rules portions of the Internal Revenue Code and treasury
18 department regulations and rulings, in whole or in part.

19 NEW SECTION. **Sec. 26.** REFUNDS OF OVERPAYMENTS--OTHER
20 ADMINISTRATIVE PROVISIONS. (1) The department shall refund all taxes
21 and penalties improperly paid or collected.

22 (2) RCW 82.32.110, 82.32.120, 82.32.130, 82.32.320, 82.32.330,
23 82.32.340, and 82.32.380 apply to the administration of the optional
24 taxes imposed under this title.

25 **PART VI**

26 **OPTIONAL INCOME TAX--APPEALS**

27 **Sec. 27.** RCW 82.03.130 and 1992 c 206 s 9 are each amended to read
28 as follows:

29 BOARD OF TAX APPEALS--JURISDICTION. The board shall have
30 jurisdiction to decide the following types of appeals:

31 (1) Appeals taken pursuant to RCW 82.03.190.

32 (2) Appeals from a county board of equalization pursuant to RCW
33 84.08.130.

34 (3) Appeals by an assessor or landowner from an order of the
35 director of revenue made pursuant to RCW 84.08.010 and 84.08.060, if

1 filed with the board of tax appeals within thirty days after the
2 mailing of the order, the right to such an appeal being hereby
3 established.

4 (4) Appeals by an assessor or owner of an intercounty public
5 utility or private car company from determinations by the director of
6 revenue of equalized assessed valuation of property and the
7 apportionment thereof to a county made pursuant to chapter 84.12 RCW
8 and 84.16 RCW, if filed with the board of tax appeals within thirty
9 days after mailing of the determination, the right to such appeal being
10 hereby established.

11 (5) Appeals by an assessor, landowner, or owner of an intercounty
12 public utility or private car company from a determination of any
13 county indicated ratio for such county compiled by the department of
14 revenue pursuant to RCW 84.48.075: PROVIDED, That

15 (a) Said appeal be filed after review of the ratio under RCW
16 84.48.075(3) and not later than fifteen days after the mailing of the
17 certification; and

18 (b) The hearing before the board shall be expeditiously held in
19 accordance with rules prescribed by the board and shall take precedence
20 over all matters of the same character.

21 (6) Appeals from the decisions of sale price of second class
22 shorelands on navigable lakes by the department of natural resources
23 pursuant to RCW 79.94.210.

24 (7) Appeals from urban redevelopment property tax apportionment
25 district proposals established by governmental ordinances pursuant to
26 RCW 39.88.060.

27 (8) Appeals from interest rates as determined by the department of
28 revenue for use in valuing farmland under current use assessment
29 pursuant to RCW 84.34.065.

30 (9) Appeals from revisions to stumpage value tables used to
31 determine value by the department of revenue pursuant to RCW 84.33.091.

32 (10) Appeals from denial of tax exemption application by the
33 department of revenue pursuant to RCW 84.36.850.

34 (11) Appeals pursuant to RCW 84.40.038(2).

35 (12) Appeals relating to income tax deficiencies and refunds
36 including penalties and interest under Title 82A RCW (sections 1
37 through 26 of this act).

1 plan issued for the benefit of a group comprised of public employees of
2 the state of Washington.

3 (3) Deductions made in the past from retirement benefits are hereby
4 expressly recognized, ratified, and affirmed. Future deductions may
5 only be made in accordance with this section.

6 (4) Subsection (1) of this section shall not prohibit the
7 department of retirement systems from complying with (a) a wage
8 assignment order for child support issued pursuant to chapter 26.18
9 RCW, (b) a notice of payroll deduction issued under chapter 26.23 RCW,
10 (c) an order to withhold and deliver issued pursuant to chapter 74.20A
11 RCW, (d) a mandatory benefits assignment order issued pursuant to
12 chapter 41.50 RCW, (e) a court order directing the department of
13 retirement systems to pay benefits directly to an obligee under a
14 dissolution order as defined in RCW 41.50.500(3) which fully complies
15 with RCW 41.50.670 and 41.50.700, or (f) any administrative or court
16 order expressly authorized by federal law.

17 (5) Subsection (1) of this section does not exempt any pension or
18 other benefit received under this chapter from the optional tax under
19 Title 82A RCW (sections 1 through 26 of this act), nor does it prohibit
20 the department of retirement systems from complying with the tax
21 withholding requirements of Title 82A RCW (sections 1 through 26 of
22 this act).

23 **Sec. 30.** RCW 2.12.090 and 1991 c 365 s 19 are each amended to read
24 as follows:

25 JUDGES' RETIREMENT. (1) Except as provided in subsections (2),
26 (3), ~~((and))~~ (4), and (5) of this section, the right of any person to
27 a retirement allowance or optional retirement allowance under the
28 provisions of this chapter and all moneys and investments and income
29 thereof are exempt from any state, county, municipal, or other local
30 tax and shall not be subject to execution, garnishment, attachment, the
31 operation of bankruptcy or the insolvency laws, or other processes of
32 law whatsoever and shall be unassignable except as herein specifically
33 provided.

34 (2) Subsection (1) of this section shall not prohibit the
35 department of retirement systems from complying with (a) a wage
36 assignment order for child support issued pursuant to chapter 26.18
37 RCW, (b) a notice of payroll deduction issued under chapter 26.23 RCW,
38 (c) an order to withhold and deliver issued pursuant to chapter 74.20A

1 RCW, (d) a mandatory benefits assignment order issued pursuant to
2 chapter 41.50 RCW, (e) a court order directing the department of
3 retirement systems to pay benefits directly to an obligee under a
4 dissolution order as defined in RCW 41.50.500(3) which fully complies
5 with RCW 41.50.670 and 41.50.700, or (f) any administrative or court
6 order expressly authorized by federal law.

7 (3) Subsection (1) of this section shall not be deemed to prohibit
8 a beneficiary of a retirement allowance from authorizing deductions
9 therefrom for payment of premiums due on any group insurance policy or
10 plan issued for the benefit of a group comprised of public employees of
11 the state of Washington.

12 (4) Deductions made in the past from retirement benefits are hereby
13 expressly recognized, ratified, and affirmed. Future deductions may
14 only be made in accordance with this section.

15 (5) Subsection (1) of this section does not exempt any pension or
16 other benefit received under this chapter from the optional tax under
17 Title 82A RCW (sections 1 through 26 of this act), nor does it prohibit
18 the department of retirement systems from complying with the tax
19 withholding requirements of Title 82A RCW (sections 1 through 26 of
20 this act).

21 **Sec. 31.** RCW 6.13.030 and 1991 c 123 s 2 are each amended to read
22 as follows:

23 HOMESTEADS. A homestead may consist of lands, as described in RCW
24 6.13.010, regardless of area, but the homestead exemption amount shall
25 not exceed the lesser of (1) the total net value of the lands, mobile
26 home, and improvements as described in RCW 6.13.010, or (2) the sum of
27 thirty thousand dollars(~~(, except where the homestead is subject to~~
28 ~~execution, attachment, or seizure by or under any legal process~~
29 ~~whatever to satisfy a judgment in favor of any state for failure to pay~~
30 ~~that state's income tax on benefits received while a resident of the~~
31 ~~state of Washington from a pension or other retirement plan, in which~~
32 ~~event there shall be no dollar limit on the value of the exemption)).~~

33 **Sec. 32.** RCW 41.24.240 and 1989 c 360 s 26 and 1989 c 91 s 21 are
34 each reenacted and amended to read as follows:

35 FIRE FIGHTERS' PENSIONS. (1) The right of any person to any future
36 payment under the provisions of this chapter shall not be transferable
37 or assignable at law or in equity, and none of the moneys paid or

1 payable or the rights existing under this chapter, shall be subject to
2 execution, levy, attachment, garnishment, or other legal process, or to
3 the operation of any bankruptcy or insolvency law. This section shall
4 not be applicable to any child support collection action taken under
5 chapter 26.18, 26.23, or 74.20A RCW. Benefits under this chapter shall
6 be payable to a spouse or ex-spouse to the extent expressly provided
7 for in any court decree of dissolution or legal separation or in any
8 court order or court-approved property settlement agreement incident to
9 any court decree of dissolution or legal separation.

10 (2) Nothing in this chapter shall be construed to deprive any fire
11 fighter, eligible to receive a pension hereunder, from receiving a
12 pension under any other act to which that fire fighter may become
13 eligible by reason of services other than or in addition to his or her
14 services as a fire fighter under this chapter.

15 (3) Subsection (1) of this section does not exempt any pension or
16 other benefit received under this chapter from the optional tax under
17 Title 82A RCW (sections 1 through 26 of this act), nor does it prohibit
18 the department of retirement systems from complying with the tax
19 withholding requirements of Title 82A RCW (sections 1 through 26 of
20 this act).

21 **Sec. 33.** RCW 41.26.180 and 1991 c 365 s 20 and 1991 c 35 s 25 are
22 each reenacted and amended to read as follows:

23 LAW ENFORCEMENT OFFICERS' AND FIRE FIGHTERS' RETIREMENT SYSTEM.

24 (1) Subject to subsections (2) (~~and~~), (3), and (4) of this section,
25 the right of a person to a retirement allowance, disability allowance,
26 or death benefit, to the return of accumulated contributions, the
27 retirement, disability or death allowance itself, any optional benefit,
28 any other right accrued or accruing to any person under the provisions
29 of this chapter, and the moneys in the fund created under this chapter,
30 are hereby exempt from any state, county, municipal, or other local tax
31 and shall not be subject to execution, garnishment, attachment, the
32 operation of bankruptcy or insolvency laws, or any other process of law
33 whatsoever, and shall be unassignable.

34 (2) On the written request of any person eligible to receive
35 benefits under this section, the department may deduct from such
36 payments the premiums for life, health, or other insurance. The
37 request on behalf of any child or children shall be made by the legal
38 guardian of such child or children. The department may provide for

1 such persons one or more plans of group insurance, through contracts
2 with regularly constituted insurance carriers or health care service
3 contractors.

4 (3) Subsection (1) of this section shall not prohibit the
5 department from complying with (a) a wage assignment order for child
6 support issued pursuant to chapter 26.18 RCW, (b) an order to withhold
7 and deliver issued pursuant to chapter 74.20A RCW, (c) a notice of
8 payroll deduction issued pursuant to RCW 26.23.060, (d) a mandatory
9 benefits assignment order issued by the department, (e) a court order
10 directing the department of retirement systems to pay benefits directly
11 to an obligee under a dissolution order as defined in RCW 41.50.500(3)
12 which fully complies with RCW 41.50.670 and 41.50.700, or (f) any
13 administrative or court order expressly authorized by federal law.

14 (4) Subsection (1) of this section does not exempt any pension or
15 other benefit received under this chapter from the optional tax under
16 Title 82A RCW (sections 1 through 26 of this act), nor does it prohibit
17 the department of retirement systems from complying with the tax
18 withholding requirements of Title 82A RCW (sections 1 through 26 of
19 this act).

20 **Sec. 34.** RCW 41.32.052 and 1991 c 365 s 21 and 1991 c 35 s 63 are
21 each reenacted and amended to read as follows:

22 TEACHERS' RETIREMENT SYSTEM. (1) Subject to subsections (2)
23 (~~and~~), (3), and (4) of this section, the right of a person to a
24 pension, an annuity, a retirement allowance, or disability allowance,
25 to the return of contributions, any optional benefit or death benefit,
26 any other right accrued or accruing to any person under the provisions
27 of this chapter and the moneys in the various funds created by this
28 chapter shall be unassignable, and are hereby exempt from any state,
29 county, municipal or other local tax, and shall not be subject to
30 execution, garnishment, attachment, the operation of bankruptcy or
31 insolvency laws, or other process of law whatsoever.

32 (2) This section shall not be deemed to prohibit a beneficiary of
33 a retirement allowance who is eligible:

34 (a) Under RCW 41.05.080 from authorizing monthly deductions
35 therefrom for payment of premiums due on any group insurance policy or
36 plan issued for the benefit of a group comprised of public employees of
37 the state of Washington or its political subdivisions;

1 (b) Under a group health care benefit plan approved pursuant to RCW
2 28A.400.350 or 41.05.065 from authorizing monthly deductions therefrom,
3 of the amount or amounts of subscription payments, premiums, or
4 contributions to any person, firm, or corporation furnishing or
5 providing medical, surgical, and hospital care or other health care
6 insurance; or

7 (c) Under this system from authorizing monthly deductions therefrom
8 for payment of dues and other membership fees to any retirement
9 association composed of retired teachers and/or public employees
10 pursuant to a written agreement between the director and the retirement
11 association.

12 Deductions under (a) and (b) of this subsection shall be made in
13 accordance with rules that may be adopted by the director.

14 (3) Subsection (1) of this section shall not prohibit the
15 department from complying with (a) a wage assignment order for child
16 support issued pursuant to chapter 26.18 RCW, (b) an order to withhold
17 and deliver issued pursuant to chapter 74.20A RCW, (c) a notice of
18 payroll deduction issued pursuant to RCW 26.23.060, (d) a mandatory
19 benefits assignment order issued by the department, (e) a court order
20 directing the department of retirement systems to pay benefits directly
21 to an obligee under a dissolution order as defined in RCW 41.50.500(3)
22 which fully complies with RCW 41.50.670 and 41.50.700, or (f) any
23 administrative or court order expressly authorized by federal law.

24 (4) Subsection (1) of this section does not exempt any pension or
25 other benefit received under this chapter from the optional tax under
26 Title 82A RCW (sections 1 through 26 of this act), nor does it prohibit
27 the department of retirement systems from complying with the tax
28 withholding requirements of Title 82A RCW (sections 1 through 26 of
29 this act).

30 **Sec. 35.** RCW 41.40.052 and 1991 c 365 s 22 and 1991 c 35 s 92 are
31 each reenacted and amended to read as follows:

32 PUBLIC EMPLOYEES' RETIREMENT SYSTEM. (1) Subject to subsections
33 (2) ~~((and))~~, (3), and (4) of this section, the right of a person to a
34 pension, an annuity, or retirement allowance, any optional benefit, any
35 other right accrued or accruing to any person under the provisions of
36 this chapter, the various funds created by this chapter, and all moneys
37 and investments and income thereof, are hereby exempt from any state,
38 county, municipal, or other local tax, and shall not be subject to

1 execution, garnishment, attachment, the operation of bankruptcy or
2 insolvency laws, or other process of law whatsoever, and shall be
3 unassignable.

4 (2) This section shall not be deemed to prohibit a beneficiary of
5 a retirement allowance from authorizing deductions therefrom for
6 payment of premiums due on any group insurance policy or plan issued
7 for the benefit of a group comprised of public employees of the state
8 of Washington or its political subdivisions and which has been approved
9 for deduction in accordance with rules that may be adopted by the state
10 health care authority and/or the department, and this section shall not
11 be deemed to prohibit a beneficiary of a retirement allowance from
12 authorizing deductions therefrom for payment of dues and other
13 membership fees to any retirement association or organization the
14 membership of which is composed of retired public employees, if a total
15 of three hundred or more of such retired employees have authorized such
16 deduction for payment to the same retirement association or
17 organization.

18 (3) Subsection (1) of this section shall not prohibit the
19 department from complying with (a) a wage assignment order for child
20 support issued pursuant to chapter 26.18 RCW, (b) an order to withhold
21 and deliver issued pursuant to chapter 74.20A RCW, (c) a notice of
22 payroll deduction issued pursuant to RCW 26.23.060, (d) a mandatory
23 benefits assignment order issued by the department, (e) a court order
24 directing the department of retirement systems to pay benefits directly
25 to an obligee under a dissolution order as defined in RCW 41.50.500(3)
26 which fully complies with RCW 41.50.670 and 41.50.700, or (f) any
27 administrative or court order expressly authorized by federal law.

28 (4) Subsection (1) of this section does not exempt any pension or
29 other benefit received under this chapter from the optional tax under
30 Title 82A RCW (sections 1 through 26 of this act), nor does it prohibit
31 the department of retirement systems from complying with the tax
32 withholding requirements of Title 82A RCW (sections 1 through 26 of
33 this act).

34 **Sec. 36.** RCW 41.44.240 and 1989 c 360 s 28 are each amended to
35 read as follows:

36 STATE-WIDE CITY EMPLOYEES' RETIREMENT. (1) The right of a person
37 to a pension, annuity or a retirement allowance, to the return of
38 contribution, the pension, annuity or retirement allowance itself, any

1 optional benefit, any other right accrued or accruing to any person
2 under the provisions of this chapter, and the moneys in the fund
3 created under this chapter shall not be subject to execution,
4 garnishment, or any other process whatsoever.

5 (2) This section shall not apply to child support collection
6 actions taken under chapter 26.18, 26.23, or 74.20A RCW against
7 benefits payable under any such plan or arrangement. Benefits under
8 this chapter shall be payable to a spouse or ex-spouse to the extent
9 expressly provided for in any court decree of dissolution or legal
10 separation or in any court order or court-approved property settlement
11 agreement incident to any court decree of dissolution or legal
12 separation.

13 (3) Subsection (1) of this section does not exempt any pension or
14 other benefit received under this chapter from the optional tax under
15 Title 82A RCW (sections 1 through 26 of this act), nor does it prohibit
16 the department of retirement systems from complying with the tax
17 withholding requirements of Title 82A RCW (sections 1 through 26 of
18 this act).

19 **Sec. 37.** RCW 43.43.310 and 1991 c 365 s 23 are each amended to
20 read as follows:

21 WASHINGTON STATE PATROL RETIREMENT. (1) Except as provided in
22 subsections (2) (~~and~~), (3), and (4) of this section, the right of any
23 person to a retirement allowance or optional retirement allowance under
24 the provisions hereof and all moneys and investments and income thereof
25 are exempt from any state, county, municipal, or other local tax and
26 shall not be subject to execution, garnishment, attachment, the
27 operation of bankruptcy or the insolvency laws, or other processes of
28 law whatsoever and shall be unassignable except as herein specifically
29 provided.

30 (2) Subsection (1) of this section shall not prohibit the
31 department of retirement systems from complying with (a) a wage
32 assignment order for child support issued pursuant to chapter 26.18
33 RCW, (b) an order to withhold and deliver issued pursuant to chapter
34 74.20A RCW, (c) a notice of payroll deduction issued pursuant to RCW
35 26.23.060, (d) a mandatory benefits assignment order issued pursuant to
36 chapter 41.50 RCW, (e) a court order directing the department of
37 retirement systems to pay benefits directly to an obligee under a
38 dissolution order as defined in RCW 41.50.500(3) which fully complies

1 with RCW 41.50.670 and 41.50.700, or (f) any administrative or court
2 order expressly authorized by federal law.

3 (3) Subsection (1) of this section shall not be deemed to prohibit
4 a beneficiary of a retirement allowance from authorizing deductions
5 therefrom for payment of premiums due on any group insurance policy or
6 plan issued for the benefit of a group comprised of members of the
7 Washington state patrol or other public employees of the state of
8 Washington, or for contributions to the Washington state patrol
9 memorial foundation.

10 (4) Subsection (1) of this section does not exempt any pension or
11 other benefit received under this chapter from the optional tax under
12 Title 82A RCW (sections 1 through 26 of this act), nor does it prohibit
13 the department of retirement systems from complying with the tax
14 withholding requirements of Title 82A RCW (sections 1 through 26 of
15 this act).

16 **PART VIII**
17 **MISCELLANEOUS**

18 NEW SECTION. **Sec. 38.** The department of revenue shall, in
19 conjunction with the fiscal committees of the legislature, conduct a
20 study of the fiscal and administrative impacts of this act. The study
21 shall include, but not necessarily be limited to, an examination of the
22 number of persons likely to be taxed under Title 82A RCW (sections 1
23 through 26 of this act), the amount of revenues estimated to be raised
24 under Title 82A RCW (sections 1 through 26 of this act), and the costs
25 of administering the optional tax imposed under Title 82A RCW (sections
26 1 through 26 of this act). The department shall submit to the fiscal
27 committees of the legislature by December 1, 1993, a report of the
28 findings of its study. The report shall also include the department's
29 recommendations, if any, regarding the need for amendments to this act.

30 NEW SECTION. **Sec. 39.** SEVERABILITY. If any provision of this act
31 or its application to any person or circumstance is held invalid, the
32 remainder of the act or the application of the provision to other
33 persons or circumstances is not affected.

34 NEW SECTION. **Sec. 40.** CAPTIONS AND PART HEADINGS. Captions and
35 part headings as used in this act constitute no part of the law.

1 NEW SECTION. **Sec. 41.** CODIFICATION. Sections 1 through 26 of
2 this act shall constitute a new title in the Revised Code of
3 Washington, to be numbered Title 82A RCW.

4 NEW SECTION. **Sec. 42.** EFFECTIVE DATE. This act shall take effect
5 January 1, 1994, and shall apply to income earned after that date.

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