

CERTIFICATION OF ENROLLMENT

ENGROSSED HOUSE BILL 1131

Chapter 233, Laws of 1995

(partial veto)

54th Legislature
1995 Regular Session

STATE RETIREMENT SYSTEMS--ECONOMIC ASSUMPTIONS

EFFECTIVE DATE: 5/5/95

Passed by the House March 14, 1995
Yeas 98 Nays 0

CLYDE BALLARD

**Speaker of the
House of Representatives**

Passed by the Senate April 7, 1995
Yeas 41 Nays 0

JOEL PRITCHARD

President of the Senate

Approved May 5, 1995, with the
exception of section 2, which is
vetoed.

MIKE LOWRY

Governor of the State of Washington

CERTIFICATE

I, Timothy A. Martin, Chief Clerk of
the House of Representatives of the
State of Washington, do hereby certify
that the attached is **ENGROSSED HOUSE
BILL 1131** as passed by the House of
Representatives and the Senate on the
dates hereon set forth.

TIMOTHY A. MARTIN

Chief Clerk

FILED

May 5, 1995 - 10:03 a.m.

**Secretary of State
State of Washington**

ENGROSSED HOUSE BILL 1131

Passed Legislature - 1995 Regular Session

State of Washington

54th Legislature

1995 Regular Session

By Representatives Silver and G. Fisher; by request of Office of the Forecast Council

Read first time 01/13/95. Referred to Committee on Appropriations.

1 AN ACT Relating to economic assumptions for state retirement
2 systems; amending RCW 41.45.030 and 41.45.060; repealing RCW 41.45.040
3 and 41.45.0601; and declaring an emergency.

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

5 **Sec. 1.** RCW 41.45.030 and 1993 c 519 s 17 are each amended to read
6 as follows:

7 (1) Beginning September 1, (~~(1989)~~) 1995, and every (~~(six)~~) two
8 years thereafter, the state actuary shall submit to the council
9 information regarding the experience and financial condition of each
10 state retirement system. The council shall review this and such other
11 information as it may require.

12 (2) By December 31, 1995, and every two years thereafter, the
13 council, by affirmative vote of five council members, shall ((review
14 the information submitted by the state actuary and shall)) adopt the
15 following long-term economic assumptions:

16 (a) Growth in system membership;

17 (b) Growth in salaries, exclusive of merit or longevity increases;

18 (c) Growth in inflation; and

19 (d) Investment rate of return.

1 The council shall work with the department of retirement systems,
2 the state actuary, and the executive director of the state investment
3 board, and shall consider long-term historical averages, in developing
4 the economic assumptions.

5 (3) The assumptions adopted by the council shall be used by the
6 state actuary in conducting ((valuation)) all actuarial studies of the
7 state retirement systems.

8 ~~((3) The council may utilize information provided by the state~~
9 ~~actuary and such other information as it may request.))~~

10 **Sec. 2. RCW 41.45.060 and 1993 c 519 s 19 are each amended to*
11 *read as follows:*

12 (1) ((For the period of September 1, 1993, through August 31, 1995,
13 the basic state contribution rate for the law enforcement officers' and
14 fire fighters' retirement system, and the basic employer contribution
15 rates for the public employees' retirement system, the teachers'
16 retirement system, and the Washington state patrol retirement system
17 shall be as determined in the 1991 valuations prepared by the office of
18 the state actuary.)) The state actuary shall provide actuarial
19 valuation results based on the assumptions adopted under RCW 41.45.030.

20 (2) Not later than September 30, ((1994)) 1996, and every two years
21 thereafter((:

22 {a)), consistent with the assumptions adopted under RCW 41.45.030,
23 the council shall adopt ((the contributions to be used in the ensuing
24 biennial period for the systems specified in subsection (1) of this
25 section.

26 {b)) both: (a) A basic state contribution rate for the law
27 enforcement officers' and fire fighters' retirement system; and (b)
28 basic employer contribution rates for the public employees' retirement
29 system plan I, the teachers' retirement system plan I, and the
30 Washington state patrol retirement system to be used in the ensuing
31 biennial period.

32 (3) The employer and state contribution rates adopted by the
33 council shall be the level percentages of pay that are needed:

34 (a) To fully amortize the total costs of the public employees'
35 retirement system plan I, the teachers' retirement system plan I, the
36 law enforcement officers' and fire fighters' retirement system plan I,
37 and the unfunded liability of the Washington state patrol retirement
38 system not later than June 30, 2024; and

1 (b) To also continue to fully fund the public employees' retirement
2 system plan II, the teachers' retirement system plan II, and the law
3 enforcement officers' and fire fighters' retirement system plan II in
4 accordance with RCW 41.40.650, 41.32.775, and 41.26.450, respectively.

5 (4) The council shall immediately notify the directors of the
6 office of financial management and department of retirement systems of
7 the state and employer contribution rates adopted (~~under (a) of this~~
8 ~~subsection~~)).

9 (~~(e)~~) (5) The director of the department of retirement systems
10 shall collect those rates adopted by the council (~~under this~~
11 ~~chapter~~)).

12 *Sec. 2 was vetoed. See message at end of chapter.

13 NEW SECTION. Sec. 3. The following acts or parts of acts are each
14 repealed:

- 15 (1) RCW 41.45.040 and 1993 c 519 s 18 & 1989 c 273 s 4; and
16 (2) RCW 41.45.0601 and 1993 c 519 s 20 & 1992 c 239 s 1.

17 NEW SECTION. Sec. 4. This act is necessary for the immediate
18 preservation of the public peace, health, or safety, or support of the
19 state government and its existing public institutions, and shall take
20 effect immediately.

Passed the House March 14, 1995.

Passed the Senate April 7, 1995.

Approved by the Governor May 5, 1995, with the exception of certain
items which were vetoed.

Filed in Office of Secretary of State May 5, 1995.

1 Note: Governor's explanation of partial veto is as follows:

2 "I am returning herewith, without my approval as to section 2,
3 Engrossed House Bill No. 1131 entitled:

4 "AN ACT Relating to economic assumptions for state retirement
5 systems;"

6 Engrossed House Bill No. 1131 requires the Economic and Revenue
7 Forecast Council to adopt long term economic assumptions for pension
8 rate calculation purposes every two years instead of the current six
9 year cycle. I strongly favor the direction this bill takes in
10 providing for additional pension contribution rate stability. However,
11 detailed and specific language preferable to that of section 2 exists
12 in section 309 of Engrossed Substitute House Bill No. 1206, relating to
13 retirement systems restructuring. These sections cannot properly be
14 merged.

15 For this reason, I have vetoed section 2 of Engrossed House Bill
16 No. 1131.

1 With the exception of section 2, Engrossed House Bill No. 1131 is
2 approved."