

CERTIFICATION OF ENROLLMENT

SUBSTITUTE HOUSE BILL 1430

Chapter 286, Laws of 1995

54th Legislature
1995 Regular Session

PUBLIC EMPLOYEES' RETIREMENT SYSTEM--ESTABLISHMENT OF SERVICE
CREDIT FOR PRIOR EMPLOYMENT

EFFECTIVE DATE: 7/23/95

Passed by the House April 19, 1995
Yeas 97 Nays 0

CLYDE BALLARD

**Speaker of the
House of Representatives**

Passed by the Senate April 11, 1995
Yeas 40 Nays 0

JOEL PRITCHARD

President of the Senate

Approved May 9, 1995

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 **SUBSTITUTE HOUSE BILL 1430** as passed by the House of Representatives and the Senate on the dates hereon set forth.

TIMOTHY A. MARTIN

Chief Clerk

FILED

May 9, 1995 - 3:48 p.m.

**Secretary of State
State of Washington**

SUBSTITUTE HOUSE BILL 1430

AS AMENDED BY THE SENATE

Passed Legislature - 1995 Regular Session

State of Washington 54th Legislature 1995 Regular Session

By House Committee on Appropriations (originally sponsored by Representatives Carlson, Sehlin, Cooke, Sommers, Dellwo and Basich; by request of Joint Committee on Pension Policy)

Read first time 03/03/95.

1 AN ACT Relating to exempting employers with qualified retirement
2 plans from additional contributions; amending RCW 41.40.062 and
3 41.40.160; reenacting and amending RCW 41.40.010; adding new sections
4 to chapter 41.40 RCW; and repealing RCW 41.40.045.

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

6 **Sec. 1.** RCW 41.40.010 and 1994 c 298 s 2, 1994 c 247 s 5, 1994 c
7 197 s 23, and 1994 c 177 s 8 are each reenacted and amended to read as
8 follows:

9 As used in this chapter, unless a different meaning is plainly
10 required by the context:

11 (1) "Retirement system" means the public employees' retirement
12 system provided for in this chapter.

13 (2) "Department" means the department of retirement systems created
14 in chapter 41.50 RCW.

15 (3) "State treasurer" means the treasurer of the state of
16 Washington.

17 (4)(a) "Employer" for plan I members, means every branch,
18 department, agency, commission, board, and office of the state, any
19 political subdivision or association of political subdivisions of the

1 state admitted into the retirement system, and legal entities
2 authorized by RCW 35.63.070 and 36.70.060 or chapter 39.34 RCW; and the
3 term shall also include any labor guild, association, or organization
4 the membership of a local lodge or division of which is comprised of at
5 least forty percent employees of an employer (other than such labor
6 guild, association, or organization) within this chapter. The term may
7 also include any city of the first class that has its own retirement
8 system.

9 (b) "Employer" for plan II members, means every branch, department,
10 agency, commission, board, and office of the state, and any political
11 subdivision and municipal corporation of the state admitted into the
12 retirement system, including public agencies created pursuant to RCW
13 35.63.070, 36.70.060, and 39.34.030.

14 (5) "Member" means any employee included in the membership of the
15 retirement system, as provided for in RCW 41.40.023. RCW 41.26.045
16 does not prohibit a person otherwise eligible for membership in the
17 retirement system from establishing such membership effective when he
18 or she first entered an eligible position.

19 (6) "Original member" of this retirement system means:

20 (a) Any person who became a member of the system prior to April 1,
21 1949;

22 (b) Any person who becomes a member through the admission of an
23 employer into the retirement system on and after April 1, 1949, and
24 prior to April 1, 1951;

25 (c) Any person who first becomes a member by securing employment
26 with an employer prior to April 1, 1951, provided the member has
27 rendered at least one or more years of service to any employer prior to
28 October 1, 1947;

29 (d) Any person who first becomes a member through the admission of
30 an employer into the retirement system on or after April 1, 1951,
31 provided, such person has been in the regular employ of the employer
32 for at least six months of the twelve-month period preceding the said
33 admission date;

34 (e) Any member who has restored all contributions that may have
35 been withdrawn as provided by RCW 41.40.150 and who on the effective
36 date of the individual's retirement becomes entitled to be credited
37 with ten years or more of membership service except that the provisions
38 relating to the minimum amount of retirement allowance for the member

1 upon retirement at age seventy as found in RCW 41.40.190(4) shall not
2 apply to the member;

3 (f) Any member who has been a contributor under the system for two
4 or more years and who has restored all contributions that may have been
5 withdrawn as provided by RCW 41.40.150 and who on the effective date of
6 the individual's retirement has rendered five or more years of service
7 for the state or any political subdivision prior to the time of the
8 admission of the employer into the system; except that the provisions
9 relating to the minimum amount of retirement allowance for the member
10 upon retirement at age seventy as found in RCW 41.40.190(4) shall not
11 apply to the member.

12 (7) "New member" means a person who becomes a member on or after
13 April 1, 1949, except as otherwise provided in this section.

14 (8)(a) "Compensation earnable" for plan I members, means salaries
15 or wages earned during a payroll period for personal services and where
16 the compensation is not all paid in money, maintenance compensation
17 shall be included upon the basis of the schedules established by the
18 member's employer. Compensation that a member receives for being in
19 standby status is also compensation earnable, subject to the conditions
20 of this subsection. A member is in standby status when not being paid
21 for time actually worked and only when both of the following conditions
22 exist: (i) The member is required to be present at, or in the
23 immediate vicinity of, a specified location; and (ii) the employer
24 requires the member to be prepared to report immediately for work, if
25 the need arises, although the need may not arise. Standby compensation
26 is regular salary for the purposes of RCW 41.50.150(2).

27 (A) "Compensation earnable" for plan I members also includes the
28 following actual or imputed payments, which are not paid for personal
29 services:

30 (I) Retroactive payments to an individual by an employer on
31 reinstatement of the employee in a position, or payments by an employer
32 to an individual in lieu of reinstatement in a position which are
33 awarded or granted as the equivalent of the salary or wage which the
34 individual would have earned during a payroll period shall be
35 considered compensation earnable and the individual shall receive the
36 equivalent service credit;

37 (II) If a leave of absence is taken by an individual for the
38 purpose of serving in the state legislature, the salary which would
39 have been received for the position from which the leave of absence was

1 taken, shall be considered as compensation earnable if the employee's
2 contribution is paid by the employee and the employer's contribution is
3 paid by the employer or employee.

4 (III) Assault pay only as authorized by RCW 27.04.100, 72.01.045,
5 and 72.09.240;

6 (IV) Compensation that a member would have received but for a
7 disability occurring in the line of duty only as authorized by RCW
8 41.40.038; and

9 (V) Compensation that a member receives due to participation in the
10 leave sharing program only as authorized by RCW 41.04.650 through
11 41.04.670.

12 (B) "Compensation earnable" does not include:

13 (I) Remuneration for unused sick leave authorized under RCW
14 41.04.340, 28A.400.210, or 28A.310.490;

15 (II) Remuneration for unused annual leave in excess of thirty days
16 as authorized by RCW 43.01.044 and 43.01.041.

17 (b) "Compensation earnable" for plan II members, means salaries or
18 wages earned by a member during a payroll period for personal services,
19 including overtime payments, and shall include wages and salaries
20 deferred under provisions established pursuant to sections 403(b),
21 414(h), and 457 of the United States Internal Revenue Code, but shall
22 exclude nonmoney maintenance compensation and lump sum or other
23 payments for deferred annual sick leave, unused accumulated vacation,
24 unused accumulated annual leave, or any form of severance pay.
25 Compensation that a member receives for being in standby status is also
26 compensation earnable, subject to the conditions of this subsection.
27 A member is in standby status when not being paid for time actually
28 worked and only when both of the following conditions exist: (i) The
29 member is required to be present at, or in the immediate vicinity of,
30 a specified location; and (ii) the employer requires the member to be
31 prepared to report immediately for work, if the need arises, although
32 the need may not arise. Standby compensation is regular salary for the
33 purposes of RCW 41.50.150(2).

34 "Compensation earnable" for plan II members also includes the
35 following actual or imputed payments, which are not paid for personal
36 services:

37 (A) Retroactive payments to an individual by an employer on
38 reinstatement of the employee in a position, or payments by an employer
39 to an individual in lieu of reinstatement in a position which are

1 awarded or granted as the equivalent of the salary or wage which the
2 individual would have earned during a payroll period shall be
3 considered compensation earnable to the extent provided above, and the
4 individual shall receive the equivalent service credit;

5 (B) In any year in which a member serves in the legislature, the
6 member shall have the option of having such member's compensation
7 earnable be the greater of:

8 (I) The compensation earnable the member would have received had
9 such member not served in the legislature; or

10 (II) Such member's actual compensation earnable received for
11 nonlegislative public employment and legislative service combined. Any
12 additional contributions to the retirement system required because
13 compensation earnable under (b)(ii)(B)(II) of this subsection is
14 greater than compensation earnable under (b)(ii)(B)(I) of this
15 subsection shall be paid by the member for both member and employer
16 contributions;

17 (C) Assault pay only as authorized by RCW 27.04.100, 72.01.045, and
18 72.09.240;

19 (D) Compensation that a member would have received but for a
20 disability occurring in the line of duty only as authorized by RCW
21 41.40.038; and

22 (E) Compensation that a member receives due to participation in the
23 leave sharing program only as authorized by RCW 41.04.650 through
24 41.04.670.

25 (9)(a) "Service" for plan I members, except as provided in RCW
26 41.40.088, means periods of employment in an eligible position or
27 positions for one or more employers rendered to any employer for which
28 compensation is paid, and includes time spent in office as an elected
29 or appointed official of an employer. Compensation earnable earned in
30 full time work for seventy hours or more in any given calendar month
31 shall constitute one service credit month except as provided in RCW
32 41.40.088. Compensation earnable earned for less than seventy hours in
33 any calendar month shall constitute one-quarter service credit month of
34 service except as provided in RCW 41.40.088. Only service credit
35 months and one-quarter service credit months shall be counted in the
36 computation of any retirement allowance or other benefit provided for
37 in this chapter. Any fraction of a year of service shall be taken into
38 account in the computation of such retirement allowance or benefits.

1 Time spent in standby status, whether compensated or not, is not
2 service.

3 (i) Service by a state employee officially assigned by the state on
4 a temporary basis to assist another public agency, shall be considered
5 as service as a state employee: PROVIDED, That service to any other
6 public agency shall not be considered service as a state employee if
7 such service has been used to establish benefits in any other public
8 retirement system.

9 (ii) An individual shall receive no more than a total of twelve
10 service credit months of service during any calendar year. If an
11 individual is employed in an eligible position by one or more employers
12 the individual shall receive no more than one service credit month
13 during any calendar month in which multiple service for seventy or more
14 hours is rendered.

15 (iii) A school district employee may count up to forty-five days of
16 sick leave as creditable service solely for the purpose of determining
17 eligibility to retire under RCW 41.40.180 as authorized by RCW
18 28A.400.300. For purposes of plan I "forty-five days" as used in RCW
19 28A.400.300 is equal to two service credit months. Use of less than
20 forty-five days of sick leave is creditable as allowed under this
21 subsection as follows:

22 (A) Less than twenty-two days equals one-quarter service credit
23 month;

24 (B) Twenty-two days equals one service credit month;

25 (C) More than twenty-two days but less than forty-five days equals
26 one and one-quarter service credit month.

27 (b) "Service" for plan II members, means periods of employment by
28 a member in an eligible position or positions for one or more employers
29 for which compensation earnable is paid. Compensation earnable earned
30 for ninety or more hours in any calendar month shall constitute one
31 service credit month except as provided in RCW 41.40.088. Compensation
32 earnable earned for at least seventy hours but less than ninety hours
33 in any calendar month shall constitute one-half service credit month of
34 service. Compensation earnable earned for less than seventy hours in
35 any calendar month shall constitute one-quarter service credit month of
36 service. Time spent in standby status, whether compensated or not, is
37 not service.

38 Any fraction of a year of service shall be taken into account in
39 the computation of such retirement allowance or benefits.

1 (i) Service in any state elective position shall be deemed to be
2 full time service, except that persons serving in state elective
3 positions who are members of the teachers' retirement system or law
4 enforcement officers' and fire fighters' retirement system at the time
5 of election or appointment to such position may elect to continue
6 membership in the teachers' retirement system or law enforcement
7 officers' and fire fighters' retirement system.

8 (ii) A member shall receive a total of not more than twelve service
9 credit months of service for such calendar year. If an individual is
10 employed in an eligible position by one or more employers the
11 individual shall receive no more than one service credit month during
12 any calendar month in which multiple service for ninety or more hours
13 is rendered.

14 (iii) Up to forty-five days of sick leave may be creditable as
15 service solely for the purpose of determining eligibility to retire
16 under RCW 41.40.180 as authorized by RCW 28A.400.300. For purposes of
17 plan II "forty-five days" as used in RCW 28A.400.300 is equal to two
18 service credit months. Use of less than forty-five days of sick leave
19 is creditable as allowed under this subsection as follows:

20 (A) Less than eleven days equals one-quarter service credit month;

21 (B) Eleven or more days but less than twenty-two days equals one-
22 half service credit month;

23 (C) Twenty-two days equals one service credit month;

24 (D) More than twenty-two days but less than thirty-three days
25 equals one and one-quarter service credit month;

26 (E) Thirty-three or more days but less than forty-five days equals
27 one and one-half service credit month.

28 (10) "Service credit year" means an accumulation of months of
29 service credit which is equal to one when divided by twelve.

30 (11) "Service credit month" means a month or an accumulation of
31 months of service credit which is equal to one.

32 (12) "Prior service" means all service of an original member
33 rendered to any employer prior to October 1, 1947.

34 (13) "Membership service" means:

35 (a) All service rendered, as a member, after October 1, 1947;

36 (b) All service after October 1, 1947, to any employer prior to the
37 time of its admission into the retirement system(~~(:—PROVIDED, That an~~
38 ~~amount equal to the employer and employee contributions which would~~
39 ~~have been paid to the retirement system on account of such service~~

1 shall have been paid to the retirement system with interest (as
2 computed by the department) on the employee's portion prior to
3 retirement of such person, by the employee or his or her employer,
4 except as qualified by RCW 41.40.023: PROVIDED FURTHER, That employer
5 contributions plus employee contributions with interest submitted by
6 the employee under this subsection shall be placed in the employee's
7 individual account in the employees' savings fund and be treated as any
8 other contribution made by the employee, with the exception that the
9 contributions submitted by the employee in payment of the employer's
10 obligation, together with the interest the director may apply to the
11 employer's contribution, shall be excluded from the calculation of the
12 member's annuity in the event the member selects a benefit with an
13 annuity option)) for which member and employer contributions, plus
14 interest as required by RCW 41.50.125, have been paid under section 2
15 or 3 of this act;

16 (c) Service not to exceed six consecutive months of probationary
17 service rendered after April 1, 1949, and prior to becoming a member,
18 in the case of any member, upon payment in full by such member of the
19 total amount of the employer's contribution to the retirement fund
20 which would have been required under the law in effect when such
21 probationary service was rendered if the member had been a member
22 during such period, except that the amount of the employer's
23 contribution shall be calculated by the director based on the first
24 month's compensation earnable as a member;

25 (d) Service not to exceed six consecutive months of probationary
26 service, rendered after October 1, 1947, and before April 1, 1949, and
27 prior to becoming a member, in the case of any member, upon payment in
28 full by such member of five percent of such member's salary during said
29 period of probationary service, except that the amount of the
30 employer's contribution shall be calculated by the director based on
31 the first month's compensation earnable as a member.

32 (14)(a) "Beneficiary" for plan I members, means any person in
33 receipt of a retirement allowance, pension or other benefit provided by
34 this chapter.

35 (b) "Beneficiary" for plan II members, means any person in receipt
36 of a retirement allowance or other benefit provided by this chapter
37 resulting from service rendered to an employer by another person.

38 (15) "Regular interest" means such rate as the director may
39 determine.

1 (16) "Accumulated contributions" means the sum of all contributions
2 standing to the credit of a member in the member's individual account,
3 including any amount paid under RCW 41.50.165(2), together with the
4 regular interest thereon.

5 (17)(a) "Average final compensation" for plan I members, means the
6 annual average of the greatest compensation earnable by a member during
7 any consecutive two year period of service credit months for which
8 service credit is allowed; or if the member has less than two years of
9 service credit months then the annual average compensation earnable
10 during the total years of service for which service credit is allowed.

11 (b) "Average final compensation" for plan II members, means the
12 member's average compensation earnable of the highest consecutive sixty
13 months of service credit months prior to such member's retirement,
14 termination, or death. Periods constituting authorized leaves of
15 absence may not be used in the calculation of average final
16 compensation except under RCW 41.40.710(2).

17 (18) "Final compensation" means the annual rate of compensation
18 earnable by a member at the time of termination of employment.

19 (19) "Annuity" means payments for life derived from accumulated
20 contributions of a member. All annuities shall be paid in monthly
21 installments.

22 (20) "Pension" means payments for life derived from contributions
23 made by the employer. All pensions shall be paid in monthly
24 installments.

25 (21) "Retirement allowance" means the sum of the annuity and the
26 pension.

27 (22) "Employee" means any person who may become eligible for
28 membership under this chapter, as set forth in RCW 41.40.023.

29 (23) "Actuarial equivalent" means a benefit of equal value when
30 computed upon the basis of such mortality and other tables as may be
31 adopted by the director.

32 (24) "Retirement" means withdrawal from active service with a
33 retirement allowance as provided by this chapter.

34 (25) "Eligible position" means:

35 (a) Any position that, as defined by the employer, normally
36 requires five or more months of service a year for which regular
37 compensation for at least seventy hours is earned by the occupant
38 thereof. For purposes of this chapter an employer shall not define

1 "position" in such a manner that an employee's monthly work for that
2 employer is divided into more than one position;

3 (b) Any position occupied by an elected official or person
4 appointed directly by the governor for which compensation is paid.

5 (26) "Ineligible position" means any position which does not
6 conform with the requirements set forth in subsection (25) of this
7 section.

8 (27) "Leave of absence" means the period of time a member is
9 authorized by the employer to be absent from service without being
10 separated from membership.

11 (28) "Totally incapacitated for duty" means total inability to
12 perform the duties of a member's employment or office or any other work
13 for which the member is qualified by training or experience.

14 (29) "Retiree" means any person in receipt of a retirement
15 allowance or other benefit provided by this chapter resulting from
16 service rendered to an employer while a member. A person is in receipt
17 of a retirement allowance as defined in subsection (21) of this section
18 or other benefit as provided by this chapter when the department mails,
19 causes to be mailed, or otherwise transmits the retirement allowance
20 warrant.

21 (30) "Director" means the director of the department.

22 (31) "State elective position" means any position held by any
23 person elected or appointed to state-wide office or elected or
24 appointed as a member of the legislature.

25 (32) "State actuary" or "actuary" means the person appointed
26 pursuant to RCW 44.44.010(2).

27 (33) "Plan I" means the public employees' retirement system, plan
28 I providing the benefits and funding provisions covering persons who
29 first became members of the system prior to October 1, 1977.

30 (34) "Plan II" means the public employees' retirement system, plan
31 II providing the benefits and funding provisions covering persons who
32 first became members of the system on and after October 1, 1977.

33 (35) "Index" means, for any calendar year, that year's annual
34 average consumer price index, Seattle, Washington area, for urban wage
35 earners and clerical workers, all items, compiled by the bureau of
36 labor statistics, United States department of labor.

37 (36) "Index A" means the index for the year prior to the
38 determination of a postretirement adjustment.

39 (37) "Index B" means the index for the year prior to index A.

1 (38) "Index year" means the earliest calendar year in which the
2 index is more than sixty percent of index A.

3 (39) "Adjustment ratio" means the value of index A divided by index
4 B.

5 NEW SECTION. **Sec. 2.** A new section is added to chapter 41.40 RCW
6 under the subchapter heading "PROVISIONS APPLICABLE TO PLAN I AND PLAN
7 II" to read as follows:

8 Except as qualified by RCW 41.40.023, for employers that were
9 admitted into the retirement system before the effective date of this
10 act, membership service may be established for the employer's former
11 employees who are active members of the system if the member or
12 member's former employer pays an amount equal to the employer and
13 member contributions which would have been paid to the retirement
14 system on account of such service to the retirement system. Payment
15 shall be made prior to the retirement of such member.

16 Payments submitted by the member under this section shall be placed
17 in the member's individual account in the members' savings fund and be
18 treated as any other contribution made by the member, with the
19 exception that the contributions submitted by the member in payment of
20 the employer's obligation, together with the interest the director may
21 apply to the employer's contribution, shall be excluded from the
22 calculation of the member's annuity in the event the member selects a
23 benefit with an annuity option.

24 NEW SECTION. **Sec. 3.** A new section is added to chapter 41.40 RCW
25 under the subchapter heading "PROVISIONS APPLICABLE TO PLAN I AND PLAN
26 II" to read as follows:

27 (1) This section applies to the establishment of membership service
28 with employers admitted to the retirement system after the effective
29 date of this act.

30 (2) For current employees, membership service may be established
31 for periods of employment with an employer prior to the employer's
32 admission into the retirement system by making the payments required by
33 this section.

34 The employer must select one of the options in this subsection and
35 apply it uniformly, except as provided in subsection (3) of this
36 section. The required payment shall include the total member and

1 employer contributions that would have been required from the date of
2 each current member's hire.

3 (a) Option A: The employer makes all the required payments within
4 fifteen years from the date of the employer's admission.

5 (b) Option B: The employer makes a portion of the required
6 payments and the member pays the balance. The employer shall not be
7 required to make its payments until the member has made his or her
8 payments. Each member shall have the option to purchase the membership
9 service.

10 (c) Option C: The member makes all of the required payments. Each
11 member shall have the option to purchase the membership service.

12 All payments under options B and C of this subsection must be
13 completed within five years from the date of the employer's admission,
14 or prior to the retirement of the member, whichever occurs sooner. A
15 member may not receive membership service credit under option B or C of
16 this subsection until all required payments have been made.

17 (3) An employer shall not be required to purchase membership
18 service under option A or B for periods of employment for which the
19 employer made contributions to a qualified retirement plan as defined
20 by 26 U.S.C. Sec. 401(a), if the contributions plus interest accrued
21 cannot be transferred to the retirement system. If the employer does
22 not purchase the membership credit under this subsection, the member
23 may purchase the membership service under subsection (2)(c) of this
24 section.

25 (4) A former employee who is an active member of the system and is
26 not covered by subsection (2) of this section may establish membership
27 service by making the required payments under subsection (2)(c) of this
28 section prior to the retirement of the member.

29 (5) All payments made by the member under this section shall be
30 placed in the member's individual account in the members' savings fund.

31 **Sec. 4.** RCW 41.40.062 and 1991 c 35 s 93 are each amended to read
32 as follows:

33 (1) The members and appointive and elective officials of any
34 political subdivision or association of political subdivisions of the
35 state may become members of the retirement system by the approval of
36 the local legislative authority.

37 (2) On and after September 1, 1965, every school district of the
38 state of Washington shall be an employer under this chapter. Every

1 member of each school district who is eligible for membership under RCW
2 41.40.023 shall be a member of the retirement system and participate on
3 the same basis as a person who first becomes a member through the
4 admission of any employer into the retirement system on and after April
5 1, 1949.

6 ~~((3) Each political subdivision becoming an employer under the~~
7 ~~meaning of this chapter shall make contributions to the funds of the~~
8 ~~retirement system as provided in RCW 41.50.250, 41.40.045, and~~
9 ~~41.40.048 and its employees shall contribute to the employees' savings~~
10 ~~fund at the rate established under the provisions of RCW 41.40.330. In~~
11 ~~addition to the foregoing requirement, where the political subdivision~~
12 ~~becoming an employer under this section has its own retirement plan,~~
13 ~~any of the employee members thereof who may elect to transfer to this~~
14 ~~retirement system may, if permitted by the plan, withdraw all or any~~
15 ~~part of their employees' contributions to the former plan and transfer~~
16 ~~the funds to the employees' savings fund at the time of their transfer~~
17 ~~of membership. Any portion of the employees' savings fund not~~
18 ~~withdrawn shall be transferred by the employer to the retirement system~~
19 ~~over a period not to exceed fifteen years. The length of the transfer~~
20 ~~period and the method of payment to be utilized during that period~~
21 ~~shall be established by agreement between the department and the~~
22 ~~political subdivision. Employers making deferred payments of employee~~
23 ~~funds under this section shall transfer an additional amount equal to~~
24 ~~the interest that would have been credited to each employee's savings~~
25 ~~fund had his or her contributions been transferred to the state~~
26 ~~retirement system's employee savings fund on the date the political~~
27 ~~subdivision became an employer under this section. Any funds remaining~~
28 ~~in the employer's former retirement plan after all obligations of the~~
29 ~~plan have been provided for, as evidenced by appropriate actuarial~~
30 ~~study, shall be disposed of by the governing body of the political~~
31 ~~subdivision in such manner as it deems appropriate. For the purpose of~~
32 ~~administering and interpreting this chapter the department may~~
33 ~~substitute the names of political subdivisions of the state for the~~
34 ~~"state" and employees of the subdivisions for "state employees"~~
35 ~~wherever those terms appear in this chapter. The department may also~~
36 ~~alter any dates mentioned in this chapter for the purpose of making the~~
37 ~~provisions of the chapter applicable to the entry of any political~~
38 ~~subdivisions into the system. Any member transferring employment to~~
39 ~~another employer which is covered by the retirement system may continue~~

1 as a member without loss of previously earned pension and annuity
2 benefits. The department shall keep accounts as are necessary to show
3 the contributions of each political subdivision to the benefit account
4 fund and shall have the power to debit and credit the various accounts
5 in accordance with the transfer of the members from one employer to
6 another.

7 (4) Employees of a political subdivision, maintaining its own
8 retirement system, who have been transferred to a health district
9 formed pursuant to chapter 70.46 RCW, but who have been allowed to
10 remain members of the political subdivision's retirement system may be
11 transferred as a group to the Washington public employees' retirement
12 system. This transfer may be made by the action of the legislative
13 authority of the political subdivision maintaining its own retirement
14 system. This transfer shall include employer's and member's funds in
15 the transferring municipalities' retirement system.

16 (5) Employees of a political subdivision, maintaining its own
17 retirement system, heretofore transferred to a joint airport operation
18 of two municipalities pursuant to chapter 14.08 RCW, may be transferred
19 as a group to the Washington public employees' retirement system. This
20 transfer may be made by the action of the legislative authority of the
21 political subdivision maintaining its own retirement system. This
22 transfer shall include employer's and member's funds in the
23 transferring municipalities' retirement system.))

24 **Sec. 5.** RCW 41.40.160 and 1991 c 35 s 77 are each amended to read
25 as follows:

26 (1) Subject to the provisions of RCW 41.40.150, at retirement the
27 total service credited to a member shall consist of all membership
28 service and, if he or she is an original member, all of the certified
29 prior service.

30 (2) Employees of a public utility or other private enterprise all
31 or any portion of which has been heretofore or may be hereafter
32 acquired by a public agency as a matter of public convenience and
33 necessity, where it is in the public interest to retain the trained
34 personnel of such enterprise, all service to that enterprise shall,
35 upon the acquiring public agency becoming an employer as defined in RCW
36 41.40.010(4) be credited on the same basis as if rendered to the said
37 employer: PROVIDED, That this shall apply only to those employees who
38 were in the service of the enterprise at or prior to the time of

1 acquisition by the public agency and who remain in the service of the
2 acquiring agency until they attain membership in the state employees'
3 retirement system; and to those employees who were in the service of
4 the enterprise at the time of acquisition by the public agency and
5 subsequently attain membership through employment with any
6 participating agency: PROVIDED FURTHER, In the event that the
7 acquiring agency is an employer at the time of the acquisition,
8 employer's contributions in connection with members achieving service
9 credit hereunder shall be made on the same basis as set forth in RCW
10 41.40.045 and 41.40.048 for an employer admitted after April 1, 1949,
11 and before the effective date of this act, and on the same basis as set
12 forth in section 3 of this act for an employer admitted after the
13 effective date of this act.

14 NEW SECTION. **Sec. 6.** RCW 41.40.045 and 1989 c 273 s 22, 1986 c
15 268 s 4, 1973 1st ex.s. c 190 s 13, 1972 ex.s. c 151 s 14, 1971 ex.s.
16 c 271 s 11, 1963 c 174 s 15, 1961 c 291 s 11, & 1957 c 231 s 4 are each
17 repealed.

Passed the House April 19, 1995.

Passed the Senate April 11, 1995.

Approved by the Governor May 9, 1995.

Filed in Office of Secretary of State May 9, 1995.