

ESSB 6573 - H COMM AMD  
By Committee on Appropriations

NOT ADOPTED 03/07/2008

1 Strike everything after the enacting clause and insert the  
2 following:

3 "NEW SECTION. **Sec. 1.** The legislature finds that local  
4 governments need additional revenues to provide public safety resources  
5 in order to protect the citizens of Washington from fire and crime.  
6 The legislature finds that the current benefit formula and  
7 contributions for the law enforcement officers' and firefighters' plan  
8 2 are inadequate to modify that formula in recognition of the shorter  
9 working careers for firefighters and police officers. The legislature  
10 recognizes that although some officers and firefighters are able to  
11 work comfortably beyond twenty-five years, the combat nature of fire  
12 suppression and law enforcement generally require earlier retirement  
13 ages. In recognition of the physical demands of the professions and  
14 the inherent risks faced by law enforcement officers and firefighters,  
15 eligibility for retirement in the law enforcement officers' and  
16 firefighters' plan 2 system has been set at age fifty-three. However,  
17 the benefit formula is designed for careers of thirty-five to forty  
18 years, making retirement at age fifty-three an unrealistic option for  
19 many.

20 Therefore, the legislature declares that it is the purpose of this  
21 act to provide local government public safety employers and the law  
22 enforcement officers' and firefighters' plan 2 pension plan with  
23 additional shared revenues when state general fund revenues increase by  
24 at least five percent over the prior year's collections.

25 NEW SECTION. **Sec. 2.** A new section is added to chapter 41.26 RCW  
26 to read as follows:

27 The local public safety enhancement account is created in the state  
28 treasury. Moneys in the account may be spent only after appropriation.

1 All receipts from section 4 of this act must be deposited into the  
2 account. Expenditures from the account may be used as follows:

3 (1) Following appropriation, fifty percent of the money in the  
4 account shall be transferred to the law enforcement officers' and  
5 firefighters' retirement system benefits improvement account  
6 established in section 3 of this act.

7 (2) Following appropriation, the balance shall be distributed by  
8 the state treasurer to all jurisdictions with law enforcement officers'  
9 and firefighters' plan 2 members on a proportionate share basis based  
10 on the number of plan 2 members each jurisdiction has on June 1st of  
11 the prior year divided by the total number of plan 2 members in the  
12 system. The department of retirement systems shall provide the  
13 distribution allocation to the state treasurer. Distributions by the  
14 state treasurer shall be made annually beginning on January 1, 2011.  
15 Jurisdictions that contract with other eligible jurisdictions for law  
16 enforcement services or fire protection services must agree on the  
17 distribution of funds between the contracting parties and must inform  
18 the department of retirement systems as to how the distribution is to  
19 be made. Distributions will continue to be made under the terms of the  
20 agreement until the department of retirement systems is notified by the  
21 eligible jurisdiction of any agreement revisions. If there is no  
22 agreement within six months of the distribution date, the moneys lapse  
23 to the state treasury. Moneys distributed from the balance of the  
24 public safety enhancement account may be used for the following  
25 purposes: (a) Criminal justice, including those where an ancillary  
26 benefit to the civil justice occurs, and includes domestic violence  
27 programs; (b) information and assistance to parents and families  
28 dealing with at-risk or runaway youth; or (c) public safety.

29 NEW SECTION. **Sec. 3.** A new section is added to chapter 41.26 RCW  
30 to read as follows:

31 (1) The local law enforcement officers' and firefighters'  
32 retirement system benefits improvement account (benefits account) is  
33 created within the law enforcement officers' and firefighters'  
34 retirement system plan 2 fund. All receipts from section 2(1) of this  
35 act must be deposited into the account.

36 (2) The funds in the benefits account shall not be included by the  
37 state actuary in the calculation of the market value of assets of the

1 law enforcement officers' and firefighters' retirement system plan 2  
2 fund until the board directs the state actuary in writing to do so for  
3 purposes of funding the expected actuarial present value of fully  
4 projected benefits for current and future members adopted pursuant to  
5 RCW 41.26.720(1)(b)(ii). The board, in consultation with the state  
6 investment board, shall provide the state actuary, in writing, the  
7 market value of the amount directed from the benefits account for  
8 inclusion in the calculation of the market value of assets of the law  
9 enforcement officers' and firefighters' retirement system plan 2 fund.  
10 The market value of the amount directed from the benefits account shall  
11 be determined as of the date of the direction from the board to include  
12 this amount for purposes of funding the expected actuarial present  
13 value of fully projected benefits for current and future members  
14 adopted pursuant to RCW 41.26.720(1)(b)(ii).

15 (3) The law enforcement officers' and firefighters' plan 2  
16 retirement board shall administer the fund in an actuarially sound  
17 manner.

18 (4) The state investment board has the full power to invest,  
19 reinvest, manage, contract, sell, or exchange investment money in the  
20 benefits account. The state investment board is authorized to adopt  
21 investment policies for the money in the benefits account. All  
22 investment and operating costs associated with the investment of money  
23 within the benefits account shall be paid pursuant to RCW 43.33A.160  
24 and 43.84.160. With the exception of these expenses, the earnings from  
25 the investment of the money shall be retained by the benefits account.

26 (5) All investments made by the state investment board shall be  
27 made with the exercise of that degree of judgment and care pursuant to  
28 RCW 43.33A.140 and the investment policy established by the state  
29 investment board.

30 (6) When appropriate for investment purposes, the state investment  
31 board may commingle money in the fund with other funds.

32 (7) The authority to establish all policies relating to the  
33 benefits account, other than the investment policies set forth in this  
34 section, resides with the law enforcement officers' and firefighters'  
35 plan 2 retirement board. Other than investments by and expenses of the  
36 state investment board, disbursements from this fund may be made only  
37 on the authorization of the law enforcement officers' and firefighters'

1 plan 2 retirement board for purposes of funding the expected actuarial  
2 present value of fully projected benefits for current and future  
3 members adopted pursuant to RCW 41.26.720(1)(b)(ii).

4 (8) The state investment board shall routinely consult with and  
5 communicate with the law enforcement officers' and firefighters' plan  
6 2 retirement board on the investment policy, earnings of the trust, and  
7 related needs of the benefits account.

8 (9) For purposes of this section, the present value of fully  
9 projected benefits for current and future members shall be calculated  
10 by the state actuary, utilizing the current long-term economic and  
11 demographic assumptions adopted by the board for the regular valuation  
12 of the plan.

13 NEW SECTION. **Sec. 4.** A new section is added to chapter 41.26 RCW  
14 to read as follows:

15 (1) By September 30, 2011, if the prior fiscal biennium's general  
16 state revenues exceed the previous fiscal biennium's revenues by more  
17 than five percent, subject to appropriation by the legislature, the  
18 state treasurer shall transfer five million dollars to the local public  
19 safety enhancement account.

20 (2) By September 30, 2013, if the prior fiscal biennium's general  
21 state revenues exceed the previous fiscal biennium's revenues by more  
22 than five percent, subject to appropriation by the legislature, the  
23 state treasurer shall transfer ten million dollars to the local public  
24 safety enhancement account.

25 (3) By September 30, 2015, and by September 30 of each odd-numbered  
26 year thereafter, if the prior fiscal biennium's general state revenues  
27 exceed the previous fiscal biennium's revenues by more than five  
28 percent, subject to appropriation by the legislature, the state  
29 treasurer shall transfer the lesser of one-third of the increase, or  
30 twenty million dollars, to the local public safety enhancement account.

31 (4) The appropriated funds that may be transferred pursuant to this  
32 section are not a matter of contractual right, and are not part of the  
33 systematic method of funding any benefits or liabilities of the law  
34 enforcement officers' and firefighters' retirement plan 2 currently in  
35 law, or as may be enacted in the future. The legislature retains the  
36 right to amend or abolish this section at any time."

1 Correct the title.

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