

SSB 6573 - S AMD 159

By Senators Pridemore and Zarelli

ADOPTED AS AMENDED 2/19/2008

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

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

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

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

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

34 (2) The funds in the benefits account shall not be included by the
35 state actuary in the calculation of the market value of assets of the
36 law enforcement officers' and firefighters' retirement system plan 2
37 fund until the board directs the state actuary in writing to do so for
38 purposes of financing benefits adopted by the board pursuant to and

1 consistent with RCW 41.26.720. The board, in consultation with the
2 state investment board, shall provide the state actuary, in writing,
3 the market value of the amount directed from the benefits account for
4 inclusion in the calculation of the market value of assets of the law
5 enforcement officers' and firefighters' retirement system plan 2 fund.
6 The market value of the amount directed from the benefits account shall
7 be determined as of the date of the direction from the board to include
8 this amount for purposes of financing benefits adopted by the board
9 pursuant to and consistent with RCW 41.26.720.

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

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

21 (5) All investments made by the state investment board shall be
22 made with the exercise of that degree of judgment and care pursuant to
23 RCW 43.33A.140 and the investment policy established by the state
24 investment board.

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

27 (7) The authority to establish all policies relating to the
28 benefits account, other than the investment policies set forth in this
29 section, resides with the law enforcement officers' and firefighters'
30 plan 2 retirement board. Other than investments by and expenses of the
31 state investment board, disbursements from this fund may be made only
32 on the authorization of the law enforcement officers' and firefighters'
33 plan 2 retirement board for purposes of funding the member, employer,
34 and state cost of financing benefits adopted by the board pursuant to
35 and consistent with RCW 41.26.720.

36 (8) The state investment board shall routinely consult with and
37 communicate with the law enforcement officers' and firefighters' plan
38 2 retirement board on the investment policy, earnings of the trust, and
39 related needs of the benefits account.

transferred are: \$5 million in the 2009-11 Fiscal Biennium, \$10 million in the 2011-13 Fiscal Biennium, \$20 million in the 2013-15 Fiscal Biennium, and \$50 million in each biennium thereafter. All transfers of revenues to the LPSEA are subject to appropriation by the Legislature.