

CERTIFICATION OF ENROLLMENT

ENGROSSED HOUSE BILL 1336

Chapter 73, Laws of 2023

68th Legislature
2023 Regular Session

VOLUNTEER FIREFIGHTERS' AND RESERVE OFFICERS' RELIEF AND PENSION
PRINCIPAL FUND—SPLIT

EFFECTIVE DATE: July 23, 2023—Except for section 7, which is
contingent; and section 10, which takes effect July 1, 2024.

Passed by the House March 2, 2023
Yeas 96 Nays 0

LAURIE JINKINS

**Speaker of the House of
Representatives**

Passed by the Senate March 31, 2023
Yeas 48 Nays 0

DENNY HECK

President of the Senate

Approved April 13, 2023 9:49 AM

JAY INSLEE

Governor of the State of Washington

CERTIFICATE

I, Bernard Dean, Chief Clerk of the
House of Representatives of the
State of Washington, do hereby
certify that the attached is
ENGROSSED HOUSE BILL 1336 as passed
by the House of Representatives and
the Senate on the dates hereon set
forth.

BERNARD DEAN

Chief Clerk

FILED

April 13, 2023

**Secretary of State
State of Washington**

ENGROSSED HOUSE BILL 1336

Passed Legislature - 2023 Regular Session

State of Washington

68th Legislature

2023 Regular Session

By Representatives Stokesbary, Springer, Reeves, Graham, and Lekanoff; by request of Board for Volunteer Fire Fighters

Read first time 01/16/23. Referred to Committee on Appropriations.

1 AN ACT Relating to splitting the volunteer firefighters' and
2 reserve officers' relief and pension principal fund into two
3 accounts; amending RCW 41.24.030, 41.24.030, 41.24.035, 43.84.092,
4 and 43.84.092; amending 2020 c 144 s 3 (uncodified); reenacting and
5 amending RCW 41.24.010; adding new sections to chapter 41.24 RCW;
6 creating new sections; providing an effective date; providing a
7 contingent effective date; providing an expiration date; and
8 providing a contingent expiration date.

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

10 NEW SECTION. **Sec. 1.** INTENT. (1) The legislature finds that the
11 tax deferral of contributions to the volunteer firefighters' and
12 reserve officers' relief and pension system is contingent on
13 retaining qualified status with the internal revenue service, and
14 that the loss of qualified status could potentially result in costly
15 unintended tax liability for the plan and plan members. The state
16 board for volunteer firefighters and reserve officers has recently
17 been alerted by the internal revenue service that the plan is not in
18 compliance with the rules for qualification because it contains
19 reserve officer members.

20 (2) To avoid the possible loss of plan qualification while
21 ensuring both reserve officers and volunteer firefighters receive the

1 benefits they have been promised, the legislature intends to align
2 the plan with federal requirements by splitting the plan into two
3 separate plans overseen by the same board. All members and
4 beneficiaries of each plan should receive the same benefits after the
5 split that they would have prior to the split.

6 (3) To accomplish the split, the legislature intends for this act
7 to take the following actions:

8 (a) Reserve officer members, including active, retired, and
9 beneficiaries of those members, are to be moved to a new reserve
10 officers' plan, while volunteer firefighters and emergency medical
11 technicians remain in the existing plan. Both will reside within the
12 volunteer firefighters' and reserve officers' system and be overseen
13 by the state board created in RCW 41.24.250; and

14 (b) The principal fund defined in RCW 41.24.010(10) will be split
15 into two funds; one for each plan. The contributions and earnings
16 will be split proportionate to the membership of each group.

17 (4) While it is the intent of the legislature that this act be
18 carried out in a way that avoids any tax consequences for the plan,
19 members, and beneficiaries, in the event of such consequences the
20 legislature intends for the plan to absorb the cost of those tax
21 consequences so that the members and beneficiaries are not negatively
22 impacted.

23 NEW SECTION. **Sec. 2.** A new section is added to chapter 41.24
24 RCW to read as follows:

25 (1) Any tax liability accruing to members or beneficiaries of a
26 plan that results directly from chapter . . ., Laws of 2023 (this
27 act) will be paid by the appropriate principal funds.

28 (2) The state board may by rule establish a process that ensures
29 tax penalties are paid by the principal fund for the appropriate
30 plan. This process should be designed in coordination with tax
31 counsel to ensure that any claims are valid, and that members and
32 beneficiaries are impacted as little as reasonably possible.

33 NEW SECTION. **Sec. 3.** (1) The principal fund defined in RCW
34 41.24.010(10) is hereby split into two funds:

35 (a) The volunteer firefighters' principal fund for the volunteer
36 firefighters' plan; and

37 (b) The reserve officers' principal fund for the reserve
38 officers' plan.

1 (2) The state board for volunteer firefighters and reserve
2 officers shall transfer from the volunteer firefighters' principal
3 fund to the reserve officers' principal fund an amount of assets
4 proportionate to the members being transferred to the new reserve
5 officers' plan.

6 NEW SECTION. **Sec. 4.** A new section is added to chapter 41.24
7 RCW to read as follows:

8 The state board is instructed to administer chapter . . . , Laws
9 of 2023 (this act) in a way that neither reduces benefits, nor grants
10 additional benefits, for members or beneficiaries of the plan.

11 **Sec. 5.** RCW 41.24.010 and 2010 c 60 s 2 are each reenacted and
12 amended to read as follows:

13 The definitions in this section apply throughout this chapter
14 unless the context clearly requires otherwise.

15 (1) "Administrative fund" means the volunteer firefighters' and
16 reserve officers' administrative fund created under RCW 41.24.030.

17 (2) "Appropriate legislation" means an ordinance when an
18 ordinance is the means of legislating by any municipality, and
19 resolution in all other cases.

20 (3) "Board of trustees" or "local board" means: (a) For matters
21 affecting firefighters, a firefighter board of trustees created under
22 RCW 41.24.060; (b) for matters affecting an emergency worker, an
23 emergency medical service district board of trustees created under
24 RCW 41.24.330; or (c) for matters affecting reserve officers, a
25 reserve officer board of trustees created under RCW 41.24.460.

26 (4) "Emergency worker" means any emergency medical service
27 personnel, regulated by chapters 18.71 and 18.73 RCW, who is a member
28 of an emergency medical service district but shall not include
29 emergency medical service personnel who are eligible for
30 participation in the Washington public employees' retirement system,
31 with respect to periods of service rendered in such capacity.

32 (5) "Fire department" means any regularly organized fire
33 department or emergency medical service district consisting wholly of
34 volunteer firefighters, or any part-paid and part-volunteer fire
35 department duly organized and maintained by any municipality:
36 PROVIDED, That any such municipality wherein a part-paid fire
37 department is maintained may by appropriate legislation permit the

1 full-paid members of its department to come under the provisions of
2 chapter 41.16 RCW.

3 (6) "Firefighter" includes any firefighter or emergency worker
4 who is a member of any fire department of any municipality but shall
5 not include firefighters who are eligible for participation in the
6 Washington law enforcement officers' and firefighters' retirement
7 system or the Washington public employees' retirement system, with
8 respect to periods of service rendered in such capacity.

9 (7) "Municipal corporation" or "municipality" includes any
10 county, city, town or combination thereof, fire protection district,
11 local law enforcement agency, or any emergency medical service
12 district or other special district, authorized by law to protect life
13 or property within its boundaries through a fire department,
14 emergency workers, or reserve officers.

15 (8) "Participant" means:

16 (a) For the volunteer firefighters' plan:

17 (i) For purposes of relief, ((any reserve officer who is or may
18 become eligible for relief under this chapter or)) any firefighter or
19 emergency worker; and ((b))

20 (ii) For purposes of retirement pension, any firefighter((~~r~~)) or
21 emergency worker((~~r~~ or reserve officer)) who is or may become
22 eligible to receive a benefit of any type under the retirement
23 provisions of this chapter, or whose beneficiary may be eligible to
24 receive any such benefit; and

25 (b) For the reserve officers' plan:

26 (i) For purposes of relief, any reserve officer who is or may
27 become eligible for relief under this chapter; and

28 (ii) For purposes of retirement pension, any reserve officer who
29 is or may become eligible to receive a benefit of any type under the
30 retirement provisions of this chapter, or whose beneficiary may be
31 eligible to receive any such benefit.

32 (9) "Performance of duty" or "performance of service" shall be
33 construed to mean and include any work in and about company quarters,
34 any fire station, any law enforcement office or precinct, or any
35 other place under the direction or general orders of the chief or
36 other officer having authority to order such member to perform such
37 work; performing other officially assigned duties that are secondary
38 to his or her duties as a firefighter, emergency worker, or reserve
39 officer such as maintenance, public education, inspections,
40 investigations, court testimony, and fund-raising for the benefit of

1 the department; being on call or on standby under the orders of the
2 chief or designated officer of the department, except at the
3 individual's home or place of business; responding to, working at, or
4 returning from an alarm of fire, emergency call, or law enforcement
5 duties; drill or training; or any work performed of an emergency
6 nature in accordance with the rules and regulations of the fire
7 department or local law enforcement agency.

8 (10) "Principal fund" means either the volunteer firefighters'
9 (~~and reserve officers'~~) relief and pension principal fund created
10 under RCW 41.24.030 or the reserve officers' relief and pension
11 principal fund created in RCW 41.24.030(2).

12 (11) "Relief" means all medical, death, and disability benefits
13 available under this chapter that are made necessary from death,
14 sickness, injury, or disability arising in the performance of duty,
15 including benefits provided under RCW 41.24.110, 41.24.150,
16 41.24.160, 41.24.175, 41.24.220, and 41.24.230, but does not include
17 retirement pensions provided under this chapter.

18 (12) "Reserve officer" means the same as defined by the
19 Washington state criminal justice training commission under chapter
20 43.101 RCW, but shall not include enforcement officers who are
21 eligible for participation in the Washington law enforcement
22 officers' and firefighters' retirement system or the Washington
23 public employees' retirement system, with respect to periods of
24 service rendered in such capacity.

25 (13) "Retired participant" means any participant who is at least
26 sixty-five years of age and has been retired by the board of trustees
27 under RCW 41.24.170 and has been in receipt of a monthly pension for
28 no less than three months.

29 (14) "Retirement pension" means retirement payments for the
30 performance of service, as provided under RCW 41.24.170, 41.24.172,
31 41.24.175, 41.24.180, and 41.24.185.

32 (15) "State board" means the state board for volunteer
33 firefighters and reserve officers.

34 **Sec. 6.** RCW 41.24.030 and 2005 c 37 s 2 are each amended to read
35 as follows:

36 (1) The volunteer firefighters' (~~and reserve officers'~~) relief
37 and pension principal fund is created in the state treasury as a
38 trust fund for the benefit of the volunteer firefighter and emergency
39 worker participants covered by this chapter consisting of:

1 (a) All bequests, fees, gifts, emoluments, or donations given or
2 paid to the fund((-));

3 (b) An annual fee for each member of its fire department to be
4 paid by each municipal corporation for the purpose of affording
5 relief provided in this chapter for firefighters as follows:

6 (i) Thirty dollars for each volunteer or part-paid member of its
7 fire department;

8 (ii) A sum equal to one and one-half of one percent of the annual
9 salary attached to the rank of each full-paid member of its fire
10 department, prorated for 1970 on the basis of services prior to March
11 1, 1970((-));

12 (c) An annual fee for each emergency worker of an emergency
13 medical service district paid by the district that is sufficient to
14 pay the full costs of covering the emergency worker under the relief
15 provisions of this chapter, including operating expenses. The state
16 board shall determine the amount of this fee based on the latest
17 actuarial valuation of the system((-));

18 (~~(d) (Where a municipal corporation has elected to make relief~~
19 ~~provisions of this chapter available to its reserve officers, an~~
20 ~~annual fee for each reserve officer paid by the municipal corporation~~
21 ~~that is sufficient to pay the full costs of covering the reserve~~
22 ~~officer under the relief provisions of this chapter, including~~
23 ~~operating expenses. The state board shall determine the amount of~~
24 ~~this fee based on the latest actuarial valuation of the system.~~

25 ~~(e))~~ Where a municipal corporation has elected to make the
26 retirement pension provisions of this chapter available to members of
27 its fire department, an annual fee of sixty dollars for each of its
28 firefighters electing to enroll, thirty dollars of which shall be
29 paid by the municipality and thirty dollars of which shall be paid by
30 the firefighter. However, nothing in this section prohibits any
31 municipality from voluntarily paying the firefighters' fee for this
32 retirement pension coverage((-));

33 ~~((f))~~ (e) Where an emergency medical service district has
34 elected to make the retirement pension provisions of this chapter
35 available to its emergency workers, for each emergency worker
36 electing to enroll: (i) An annual fee of thirty dollars shall be paid
37 by the emergency worker; and (ii) an annual fee paid by the emergency
38 medical service district that, together with the thirty dollar fee
39 per emergency worker, is sufficient to pay the full costs of covering
40 the emergency worker under the retirement pension benefits provided

1 under this chapter, including operating expenses. The state board
2 shall determine the amount of this fee based on the latest actuarial
3 valuation of the system. However, nothing in this section prohibits
4 any emergency medical service district from voluntarily paying the
5 emergency workers' fees for this retirement pension coverage~~((-))~~;

6 ~~((g) Where a municipal corporation has elected to make the
7 retirement pension provisions of this chapter available to its
8 reserve officers, for each reserve officer electing to enroll: (i) An
9 annual fee of thirty dollars shall be paid by the reserve officer;
10 and (ii) an annual fee paid by the municipal corporation that,
11 together with the thirty dollar fee per reserve officer, is
12 sufficient to pay the full costs of covering the reserve officer
13 under the retirement pension benefits provided under this chapter,
14 including operating expenses. The state board shall determine the
15 amount of this fee based on the latest actuarial valuation of the
16 system. However, nothing in this section prohibits any municipal
17 corporation from voluntarily paying the reserve officers' fees for
18 this retirement pension coverage.~~

19 ~~(h))~~ (f) Moneys transferred from the administrative fund, as
20 provided under subsection ~~((4))~~ (5) of this section, which may only
21 be used to pay relief and retirement pensions for firefighters~~((-))~~;
22 and

23 ~~((i))~~ (g) Earnings from the investment of moneys in the
24 volunteer firefighters' principal fund.

25 (2) The reserve officers' relief and pension principal fund is
26 created in the state treasury as a trust fund for the benefit of the
27 reserve officer participants covered by this chapter consisting of:

28 (a) All bequests, fees, gifts, emoluments, or donations given or
29 paid to the fund;

30 (b) Where a municipal corporation has elected to make relief
31 provisions of this chapter available to its reserve officers, an
32 annual fee for each reserve officer paid by the municipal corporation
33 that is sufficient to pay the full costs of covering the reserve
34 officer under the relief provisions of this chapter, including
35 operating expenses. The state board shall determine the amount of
36 this fee based on the latest actuarial valuation of the system;

37 (c) Where a municipal corporation has elected to make the
38 retirement pension provisions of this chapter available to its
39 reserve officers, for each reserve officer electing to enroll: (i) An
40 annual fee of \$30 shall be paid by the reserve officer; and (ii) an

1 annual fee paid by the municipal corporation that, together with the
2 \$30 fee per reserve officer, is sufficient to pay the full costs of
3 covering the reserve officer under the retirement pension benefits
4 provided under this chapter, including operating expenses. The state
5 board shall determine the amount of this fee based on the latest
6 actuarial valuation of the system. However, nothing in this section
7 prohibits any municipal corporation from voluntarily paying the
8 reserve officers' fees for this retirement pension coverage;

9 (d) Moneys transferred from the administrative fund, as provided
10 under subsection (5) of this section, which may only be used to pay
11 relief and retirement pensions for reserve officers; and

12 (e) Earnings from the investment of moneys in the reserve
13 officers' principal fund.

14 (3)(a) The state investment board(~~(, upon request of the state~~
15 ~~treasurer)~~) shall have full power to invest, reinvest, manage,
16 contract, sell, commingle, or exchange investments acquired from that
17 portion of the amounts credited to the principal funds as is not, in
18 the judgment of the state board, required to meet current
19 withdrawals. Investments shall be made in the manner prescribed by
20 RCW 43.84.150 and not otherwise.

21 (b) All bonds, investments, or other obligations purchased by the
22 state investment board shall be placed in the custody of the state
23 treasurer, and he or she shall collect the principal thereof and
24 interest thereon when due.

25 ~~((The state investment board may sell any of the bonds,~~
26 ~~investments, or obligations so acquired and the proceeds thereof~~
27 ~~shall be paid to the state treasurer.~~

28 ~~(3))~~ (4)(a) The interest, earnings, and proceeds from the sale
29 and redemption of any investments held by the principal fund and
30 invested by the state investment board shall be credited to and form
31 a part of the principal fund, less the allocation to the state
32 investment board expense account pursuant to RCW 43.33A.160.

33 (b) Subject to restrictions contained in this chapter, all
34 amounts credited to the principal fund shall be available for making
35 the benefit payments required by this chapter. Amounts credited to
36 each separate principal fund shall only be available to make benefit
37 payments for the members of that specific principal fund.

38 (c) The state treasurer shall make an annual report showing the
39 condition of the funds.

1 (~~(4)~~) (5) The volunteer firefighters' and reserve officers'
2 administrative fund is created in the state treasury. Moneys in the
3 fund, including unanticipated revenues under RCW 43.79.270, may be
4 spent only after appropriation, and may be used only for operating
5 expenses of the volunteer firefighters' (~~and reserve officers'~~)
6 relief and pension principal fund, the reserve officers' relief and
7 pension principal fund, the operating expenses of the volunteer
8 firefighters' and reserve officers' administrative fund, or for
9 transfer from the administrative fund to the principal fund.

10 (a) Forty percent of all moneys received by the state from taxes
11 on fire insurance premiums shall be paid into the state treasury and
12 credited to the administrative fund.

13 (b) The state board shall compute a percentage of the amounts
14 credited to the administrative fund to be paid into the principal
15 fund.

16 (c) For the purpose of providing amounts to be used to defray the
17 cost of administration of the principal and administrative funds, the
18 state board shall ascertain at the beginning of each biennium and
19 request from the legislature an appropriation from the administrative
20 fund sufficient to cover estimated expenses for the biennium.

21 (6) Pursuant to section 3 of this act, on August 1, 2023, the
22 state board will transfer an amount of funds from the principal
23 account in subsection (1) of this section to the new principal
24 account created in subsection (2) of this section.

25 **Sec. 7.** RCW 41.24.030 and 2020 c 144 s 1 are each amended to
26 read as follows:

27 (1) The volunteer firefighters' (~~and reserve officers'~~) relief
28 and pension principal fund is created in the state treasury as a
29 trust fund for the benefit of the volunteer firefighter and emergency
30 worker participants covered by this chapter consisting of:

31 (a) All bequests, fees, gifts, emoluments, or donations given or
32 paid to the fund(~~(-)~~);

33 (b) An annual fee for each member of its fire department to be
34 paid by each municipal corporation for the purpose of affording
35 relief provided in this chapter for firefighters as follows:

36 (i) Fifty dollars for each volunteer or part-paid member of its
37 fire department;

38 (ii) A sum equal to one and one-half of one percent of the annual
39 salary attached to the rank of each full-paid member of its fire

1 department, prorated for 1970 on the basis of services prior to March
2 1, 1970(~~(-)~~);

3 (c) An annual fee for each emergency worker of an emergency
4 medical service district paid by the district that is sufficient to
5 pay the full costs of covering the emergency worker under the relief
6 provisions of this chapter, including operating expenses. The state
7 board shall determine the amount of this fee based on the latest
8 actuarial valuation of the system(~~(-)~~);

9 (~~(d) ((Where a municipal corporation has elected to make relief
10 provisions of this chapter available to its reserve officers, an
11 annual fee for each reserve officer paid by the municipal corporation
12 that is sufficient to pay the full costs of covering the reserve
13 officer under the relief provisions of this chapter, including
14 operating expenses. The state board shall determine the amount of
15 this fee based on the latest actuarial valuation of the system.~~

16 ~~(e))~~ (e)) Where a municipal corporation has elected to make the
17 retirement pension provisions of this chapter available to members of
18 its fire department, an annual fee of ninety dollars for each of its
19 firefighters electing to enroll, forty-five dollars of which shall be
20 paid by the municipality and forty-five dollars of which shall be
21 paid by the firefighter. However, nothing in this section prohibits
22 any municipality from voluntarily paying the firefighters' fee for
23 this retirement pension coverage(~~(-)~~);

24 (~~((f))~~) (e) Where an emergency medical service district has
25 elected to make the retirement pension provisions of this chapter
26 available to its emergency workers, for each emergency worker
27 electing to enroll: (i) An annual fee of forty-five dollars shall be
28 paid by the emergency worker; and (ii) an annual fee paid by the
29 emergency medical service district that, together with the forty-five
30 dollar fee per emergency worker, is sufficient to pay the full costs
31 of covering the emergency worker under the retirement pension
32 benefits provided under this chapter, including operating expenses.
33 The state board shall determine the amount of this fee based on the
34 latest actuarial valuation of the system. However, nothing in this
35 section prohibits any emergency medical service district from
36 voluntarily paying the emergency workers' fees for this retirement
37 pension coverage(~~(-)~~);

38 (~~((g) Where a municipal corporation has elected to make the
39 retirement pension provisions of this chapter available to its
40 reserve officers, for each reserve officer electing to enroll: (i) An~~

1 ~~annual fee of forty-five dollars shall be paid by the reserve~~
2 ~~officer; and (ii) an annual fee paid by the municipal corporation~~
3 ~~that, together with the forty-five dollar fee per reserve officer, is~~
4 ~~sufficient to pay the full costs of covering the reserve officer~~
5 ~~under the retirement pension benefits provided under this chapter,~~
6 ~~including operating expenses. The state board shall determine the~~
7 ~~amount of this fee based on the latest actuarial valuation of the~~
8 ~~system. However, nothing in this section prohibits any municipal~~
9 ~~corporation from voluntarily paying the reserve officers' fees for~~
10 ~~this retirement pension coverage.~~

11 ~~(h))~~ (f) Moneys transferred from the administrative fund, as
12 provided under subsection ~~((4))~~ (5) of this section, which may only
13 be used to pay relief and retirement pensions for firefighters~~((r))~~;
14 and

15 ~~((i))~~ (g) Earnings from the investment of moneys in the
16 volunteer firefighters' principal fund.

17 (2) The reserve officers' relief and pension principal fund is
18 created in the state treasury as a trust fund for the benefit of the
19 reserve officer participants covered by this chapter consisting of:

20 (a) All bequests, fees, gifts, emoluments, or donations given or
21 paid to the fund;

22 (b) Where a municipal corporation has elected to make relief
23 provisions of this chapter available to its reserve officers, an
24 annual fee for each reserve officer paid by the municipal corporation
25 that is sufficient to pay the full costs of covering the reserve
26 officer under the relief provisions of this chapter, including
27 operating expenses. The state board shall determine the amount of
28 this fee based on the latest actuarial valuation of the system;

29 (c) Where a municipal corporation has elected to make the
30 retirement pension provisions of this chapter available to its
31 reserve officers, for each reserve officer electing to enroll: (i) An
32 annual fee of \$45 shall be paid by the reserve officer; and (ii) an
33 annual fee paid by the municipal corporation that, together with the
34 \$45 fee per reserve officer, is sufficient to pay the full costs of
35 covering the reserve officer under the retirement pension benefits
36 provided under this chapter, including operating expenses. The state
37 board shall determine the amount of this fee based on the latest
38 actuarial valuation of the system. However, nothing in this section
39 prohibits any municipal corporation from voluntarily paying the
40 reserve officers' fees for this retirement pension coverage;

1 (d) Moneys transferred from the administrative fund, as provided
2 under subsection (5) of this section, which may only be used to pay
3 relief and retirement pensions for reserve officers; and

4 (e) Earnings from the investment of moneys in the reserve
5 officers' principal fund.

6 (3)(a) The state investment board (~~(, upon request of the state~~
7 ~~treasurer)) shall have full power to invest, reinvest, manage,~~
8 contract, sell, comingle, or exchange investments acquired from that
9 portion of the amounts credited to the principal funds as is not, in
10 the judgment of the state board, required to meet current
11 withdrawals. Investments shall be made in the manner prescribed by
12 RCW 43.84.150 and not otherwise.

13 (b) All bonds, investments, or other obligations purchased by the
14 state investment board shall be placed in the custody of the state
15 treasurer, and he or she shall collect the principal thereof and
16 interest thereon when due.

17 ~~((The state investment board may sell any of the bonds,~~
18 ~~investments, or obligations so acquired and the proceeds thereof~~
19 ~~shall be paid to the state treasurer.~~

20 ~~(3))~~ (4)(a) The interest, earnings, and proceeds from the sale
21 and redemption of any investments held by the principal fund and
22 invested by the state investment board shall be credited to and form
23 a part of the principal fund, less the allocation to the state
24 investment board expense account pursuant to RCW 43.33A.160.

25 (b) Subject to restrictions contained in this chapter, all
26 amounts credited to the principal fund shall be available for making
27 the benefit payments required by this chapter. Amounts credited to
28 each separate principal fund shall only be available to make benefit
29 payments for the members of that specific principal fund.

30 (c) The state treasurer shall make an annual report showing the
31 condition of the funds.

32 ~~((4))~~ (5) The volunteer firefighters' and reserve officers'
33 administrative fund is created in the state treasury. Moneys in the
34 fund, including unanticipated revenues under RCW 43.79.270, may be
35 spent only after appropriation, and may be used only for operating
36 expenses of the volunteer firefighters' ~~((and reserve officers'))~~
37 relief and pension principal fund, the reserve officers' relief and
38 pension principal fund, the operating expenses of the volunteer
39 firefighters' and reserve officers' administrative fund, or for
40 transfer from the administrative fund to the principal fund.

1 (a) Forty percent of all moneys received by the state from taxes
2 on fire insurance premiums shall be paid into the state treasury and
3 credited to the administrative fund.

4 (b) The state board shall compute a percentage of the amounts
5 credited to the administrative fund to be paid into the principal
6 fund.

7 (c) For the purpose of providing amounts to be used to defray the
8 cost of administration of the principal and administrative funds, the
9 state board shall ascertain at the beginning of each biennium and
10 request from the legislature an appropriation from the administrative
11 fund sufficient to cover estimated expenses for the biennium.

12 (6) Pursuant to section 3 of this act, on August 1, 2023, the
13 state board will transfer an amount of funds from the principal
14 account in subsection (1) of this section to the new principal
15 account created in subsection (2) of this section.

16 **Sec. 8.** RCW 41.24.035 and 1999 c 148 s 4 are each amended to
17 read as follows:

18 (1) The state board is authorized to pay from the earnings of the
19 principal funds and administrative fund lawful obligations of the
20 system for legal expenses and medical expenses which expenses are
21 primarily incurred for the purpose of protecting the principal funds
22 or are incurred in compliance with statutes governing such funds.

23 (2)(a) The term "legal expense" includes, but is not limited to,
24 legal services provided through the legal services revolving fund,
25 fees for expert witnesses, travel expenses, fees for court reporters,
26 cost of transcript preparation, and reproduction of documents.

27 (b) The term "medical costs" includes, but is not limited to,
28 expenses for the medical examination or reexamination of members or
29 retirees, the costs of preparation of medical reports, and fees
30 charged by medical professionals for attendance at discovery
31 proceedings or hearings.

32 **Sec. 9.** RCW 43.84.092 and 2022 c 182 s 403 are each amended to
33 read as follows:

34 (1) All earnings of investments of surplus balances in the state
35 treasury shall be deposited to the treasury income account, which
36 account is hereby established in the state treasury.

37 (2) The treasury income account shall be utilized to pay or
38 receive funds associated with federal programs as required by the

1 federal cash management improvement act of 1990. The treasury income
2 account is subject in all respects to chapter 43.88 RCW, but no
3 appropriation is required for refunds or allocations of interest
4 earnings required by the cash management improvement act. Refunds of
5 interest to the federal treasury required under the cash management
6 improvement act fall under RCW 43.88.180 and shall not require
7 appropriation. The office of financial management shall determine the
8 amounts due to or from the federal government pursuant to the cash
9 management improvement act. The office of financial management may
10 direct transfers of funds between accounts as deemed necessary to
11 implement the provisions of the cash management improvement act, and
12 this subsection. Refunds or allocations shall occur prior to the
13 distributions of earnings set forth in subsection (4) of this
14 section.

15 (3) Except for the provisions of RCW 43.84.160, the treasury
16 income account may be utilized for the payment of purchased banking
17 services on behalf of treasury funds including, but not limited to,
18 depository, safekeeping, and disbursement functions for the state
19 treasury and affected state agencies. The treasury income account is
20 subject in all respects to chapter 43.88 RCW, but no appropriation is
21 required for payments to financial institutions. Payments shall occur
22 prior to distribution of earnings set forth in subsection (4) of this
23 section.

24 (4) Monthly, the state treasurer shall distribute the earnings
25 credited to the treasury income account. The state treasurer shall
26 credit the general fund with all the earnings credited to the
27 treasury income account except:

28 (a) The following accounts and funds shall receive their
29 proportionate share of earnings based upon each account's and fund's
30 average daily balance for the period: The abandoned recreational
31 vehicle disposal account, the aeronautics account, the Alaskan Way
32 viaduct replacement project account, the ambulance transport fund,
33 the brownfield redevelopment trust fund account, the budget
34 stabilization account, the capital vessel replacement account, the
35 capitol building construction account, the Central Washington
36 University capital projects account, the charitable, educational,
37 penal and reformatory institutions account, the Chehalis basin
38 account, the Chehalis basin taxable account, the cleanup settlement
39 account, the climate active transportation account, the climate
40 transit programs account, the Columbia river basin water supply

1 development account, the Columbia river basin taxable bond water
2 supply development account, the Columbia river basin water supply
3 revenue recovery account, the common school construction fund, the
4 community forest trust account, the connecting Washington account,
5 the county arterial preservation account, the county criminal justice
6 assistance account, the deferred compensation administrative account,
7 the deferred compensation principal account, the department of
8 licensing services account, the department of retirement systems
9 expense account, the developmental disabilities community services
10 account, the diesel idle reduction account, the drinking water
11 assistance account, the administrative subaccount of the drinking
12 water assistance account, the early learning facilities development
13 account, the early learning facilities revolving account, the Eastern
14 Washington University capital projects account, the education
15 construction fund, the education legacy trust account, the election
16 account, the electric vehicle account, the energy freedom account,
17 the energy recovery act account, the essential rail assistance
18 account, The Evergreen State College capital projects account, the
19 fair start for kids account, the ferry bond retirement fund, the
20 fish, wildlife, and conservation account, the freight mobility
21 investment account, the freight mobility multimodal account, the
22 grade crossing protective fund, the public health services account,
23 the state higher education construction account, the higher education
24 construction account, the higher education retirement plan
25 supplemental benefit fund, the highway bond retirement fund, the
26 highway infrastructure account, the highway safety fund, the hospital
27 safety net assessment fund, the Interstate 405 and state route number
28 167 express toll lanes account, the judges' retirement account, the
29 judicial retirement administrative account, the judicial retirement
30 principal account, the limited fish and wildlife account, the local
31 leasehold excise tax account, the local real estate excise tax
32 account, the local sales and use tax account, the marine resources
33 stewardship trust account, the medical aid account, the money-
34 purchase retirement savings administrative account, the money-
35 purchase retirement savings principal account, the motor vehicle
36 fund, the motorcycle safety education account, the move ahead WA
37 account, the move ahead WA flexible account, the multimodal
38 transportation account, the multiuse roadway safety account, the
39 municipal criminal justice assistance account, the oyster reserve
40 land account, the pension funding stabilization account, the

1 perpetual surveillance and maintenance account, the pilotage account,
2 the pollution liability insurance agency underground storage tank
3 revolving account, the public employees' retirement system plan 1
4 account, the public employees' retirement system combined plan 2 and
5 plan 3 account, the public facilities construction loan revolving
6 account, the public health supplemental account, the public works
7 assistance account, the Puget Sound capital construction account, the
8 Puget Sound ferry operations account, the Puget Sound Gateway
9 facility account, the Puget Sound taxpayer accountability account,
10 the real estate appraiser commission account, the recreational
11 vehicle account, the regional mobility grant program account, the
12 reserve officers' relief and pension principal fund, the resource
13 management cost account, the rural arterial trust account, the rural
14 mobility grant program account, the rural Washington loan fund, the
15 sexual assault prevention and response account, the site closure
16 account, the skilled nursing facility safety net trust fund, the
17 small city pavement and sidewalk account, the special category C
18 account, the special wildlife account, the state investment board
19 expense account, the state investment board commingled trust fund
20 accounts, the state patrol highway account, the state reclamation
21 revolving account, the state route number 520 civil penalties
22 account, the state route number 520 corridor account, the statewide
23 broadband account, the statewide tourism marketing account, the
24 supplemental pension account, the Tacoma Narrows toll bridge account,
25 the teachers' retirement system plan 1 account, the teachers'
26 retirement system combined plan 2 and plan 3 account, the tobacco
27 prevention and control account, the tobacco settlement account, the
28 toll facility bond retirement account, the transportation 2003
29 account (nickel account), the transportation equipment fund, the
30 transportation future funding program account, the transportation
31 improvement account, the transportation improvement board bond
32 retirement account, the transportation infrastructure account, the
33 transportation partnership account, the traumatic brain injury
34 account, the University of Washington bond retirement fund, the
35 University of Washington building account, the voluntary cleanup
36 account, the volunteer firefighters' (~~and reserve officers'~~) relief
37 and pension principal fund, the volunteer firefighters' and reserve
38 officers' administrative fund, the vulnerable roadway user education
39 account, the Washington judicial retirement system account, the
40 Washington law enforcement officers' and firefighters' system plan 1

1 retirement account, the Washington law enforcement officers' and
2 firefighters' system plan 2 retirement account, the Washington public
3 safety employees' plan 2 retirement account, the Washington school
4 employees' retirement system combined plan 2 and 3 account, the
5 Washington state patrol retirement account, the Washington State
6 University building account, the Washington State University bond
7 retirement fund, the water pollution control revolving administration
8 account, the water pollution control revolving fund, the Western
9 Washington University capital projects account, the Yakima integrated
10 plan implementation account, the Yakima integrated plan
11 implementation revenue recovery account, and the Yakima integrated
12 plan implementation taxable bond account. Earnings derived from
13 investing balances of the agricultural permanent fund, the normal
14 school permanent fund, the permanent common school fund, the
15 scientific permanent fund, and the state university permanent fund
16 shall be allocated to their respective beneficiary accounts.

17 (b) Any state agency that has independent authority over accounts
18 or funds not statutorily required to be held in the state treasury
19 that deposits funds into a fund or account in the state treasury
20 pursuant to an agreement with the office of the state treasurer shall
21 receive its proportionate share of earnings based upon each account's
22 or fund's average daily balance for the period.

23 (5) In conformance with Article II, section 37 of the state
24 Constitution, no treasury accounts or funds shall be allocated
25 earnings without the specific affirmative directive of this section.

26 **Sec. 10.** RCW 43.84.092 and 2022 c 182 s 404 are each amended to
27 read as follows:

28 (1) All earnings of investments of surplus balances in the state
29 treasury shall be deposited to the treasury income account, which
30 account is hereby established in the state treasury.

31 (2) The treasury income account shall be utilized to pay or
32 receive funds associated with federal programs as required by the
33 federal cash management improvement act of 1990. The treasury income
34 account is subject in all respects to chapter 43.88 RCW, but no
35 appropriation is required for refunds or allocations of interest
36 earnings required by the cash management improvement act. Refunds of
37 interest to the federal treasury required under the cash management
38 improvement act fall under RCW 43.88.180 and shall not require
39 appropriation. The office of financial management shall determine the

1 amounts due to or from the federal government pursuant to the cash
2 management improvement act. The office of financial management may
3 direct transfers of funds between accounts as deemed necessary to
4 implement the provisions of the cash management improvement act, and
5 this subsection. Refunds or allocations shall occur prior to the
6 distributions of earnings set forth in subsection (4) of this
7 section.

8 (3) Except for the provisions of RCW 43.84.160, the treasury
9 income account may be utilized for the payment of purchased banking
10 services on behalf of treasury funds including, but not limited to,
11 depository, safekeeping, and disbursement functions for the state
12 treasury and affected state agencies. The treasury income account is
13 subject in all respects to chapter 43.88 RCW, but no appropriation is
14 required for payments to financial institutions. Payments shall occur
15 prior to distribution of earnings set forth in subsection (4) of this
16 section.

17 (4) Monthly, the state treasurer shall distribute the earnings
18 credited to the treasury income account. The state treasurer shall
19 credit the general fund with all the earnings credited to the
20 treasury income account except:

21 (a) The following accounts and funds shall receive their
22 proportionate share of earnings based upon each account's and fund's
23 average daily balance for the period: The abandoned recreational
24 vehicle disposal account, the aeronautics account, the Alaskan Way
25 viaduct replacement project account, the brownfield redevelopment
26 trust fund account, the budget stabilization account, the capital
27 vessel replacement account, the capitol building construction
28 account, the Central Washington University capital projects account,
29 the charitable, educational, penal and reformatory institutions
30 account, the Chehalis basin account, the Chehalis basin taxable
31 account, the cleanup settlement account, the climate active
32 transportation account, the climate transit programs account, the
33 Columbia river basin water supply development account, the Columbia
34 river basin taxable bond water supply development account, the
35 Columbia river basin water supply revenue recovery account, the
36 common school construction fund, the community forest trust account,
37 the connecting Washington account, the county arterial preservation
38 account, the county criminal justice assistance account, the deferred
39 compensation administrative account, the deferred compensation
40 principal account, the department of licensing services account, the

1 department of retirement systems expense account, the developmental
2 disabilities community services account, the diesel idle reduction
3 account, the drinking water assistance account, the administrative
4 subaccount of the drinking water assistance account, the early
5 learning facilities development account, the early learning
6 facilities revolving account, the Eastern Washington University
7 capital projects account, the education construction fund, the
8 education legacy trust account, the election account, the electric
9 vehicle account, the energy freedom account, the energy recovery act
10 account, the essential rail assistance account, The Evergreen State
11 College capital projects account, the fair start for kids account,
12 the ferry bond retirement fund, the fish, wildlife, and conservation
13 account, the freight mobility investment account, the freight
14 mobility multimodal account, the grade crossing protective fund, the
15 public health services account, the state higher education
16 construction account, the higher education construction account, the
17 higher education retirement plan supplemental benefit fund, the
18 highway bond retirement fund, the highway infrastructure account, the
19 highway safety fund, the hospital safety net assessment fund, the
20 Interstate 405 and state route number 167 express toll lanes account,
21 the judges' retirement account, the judicial retirement
22 administrative account, the judicial retirement principal account,
23 the limited fish and wildlife account, the local leasehold excise tax
24 account, the local real estate excise tax account, the local sales
25 and use tax account, the marine resources stewardship trust account,
26 the medical aid account, the money-purchase retirement savings
27 administrative account, the money-purchase retirement savings
28 principal account, the motor vehicle fund, the motorcycle safety
29 education account, the move ahead WA account, the move ahead WA
30 flexible account, the multimodal transportation account, the multiuse
31 roadway safety account, the municipal criminal justice assistance
32 account, the oyster reserve land account, the pension funding
33 stabilization account, the perpetual surveillance and maintenance
34 account, the pilotage account, the pollution liability insurance
35 agency underground storage tank revolving account, the public
36 employees' retirement system plan 1 account, the public employees'
37 retirement system combined plan 2 and plan 3 account, the public
38 facilities construction loan revolving account, the public health
39 supplemental account, the public works assistance account, the Puget
40 Sound capital construction account, the Puget Sound ferry operations

1 account, the Puget Sound Gateway facility account, the Puget Sound
2 taxpayer accountability account, the real estate appraiser commission
3 account, the recreational vehicle account, the regional mobility
4 grant program account, the reserve officers' relief and pension
5 principal fund, the resource management cost account, the rural
6 arterial trust account, the rural mobility grant program account, the
7 rural Washington loan fund, the sexual assault prevention and
8 response account, the site closure account, the skilled nursing
9 facility safety net trust fund, the small city pavement and sidewalk
10 account, the special category C account, the special wildlife
11 account, the state investment board expense account, the state
12 investment board commingled trust fund accounts, the state patrol
13 highway account, the state reclamation revolving account, the state
14 route number 520 civil penalties account, the state route number 520
15 corridor account, the statewide broadband account, the statewide
16 tourism marketing account, the supplemental pension account, the
17 Tacoma Narrows toll bridge account, the teachers' retirement system
18 plan 1 account, the teachers' retirement system combined plan 2 and
19 plan 3 account, the tobacco prevention and control account, the
20 tobacco settlement account, the toll facility bond retirement
21 account, the transportation 2003 account (nickel account), the
22 transportation equipment fund, the transportation future funding
23 program account, the transportation improvement account, the
24 transportation improvement board bond retirement account, the
25 transportation infrastructure account, the transportation partnership
26 account, the traumatic brain injury account, the University of
27 Washington bond retirement fund, the University of Washington
28 building account, the voluntary cleanup account, the volunteer
29 firefighters' (~~and reserve officers'~~) relief and pension principal
30 fund, the volunteer firefighters' and reserve officers'
31 administrative fund, the vulnerable roadway user education account,
32 the Washington judicial retirement system account, the Washington law
33 enforcement officers' and firefighters' system plan 1 retirement
34 account, the Washington law enforcement officers' and firefighters'
35 system plan 2 retirement account, the Washington public safety
36 employees' plan 2 retirement account, the Washington school
37 employees' retirement system combined plan 2 and 3 account, the
38 Washington state patrol retirement account, the Washington State
39 University building account, the Washington State University bond
40 retirement fund, the water pollution control revolving administration

1 account, the water pollution control revolving fund, the Western
2 Washington University capital projects account, the Yakima integrated
3 plan implementation account, the Yakima integrated plan
4 implementation revenue recovery account, and the Yakima integrated
5 plan implementation taxable bond account. Earnings derived from
6 investing balances of the agricultural permanent fund, the normal
7 school permanent fund, the permanent common school fund, the
8 scientific permanent fund, and the state university permanent fund
9 shall be allocated to their respective beneficiary accounts.

10 (b) Any state agency that has independent authority over accounts
11 or funds not statutorily required to be held in the state treasury
12 that deposits funds into a fund or account in the state treasury
13 pursuant to an agreement with the office of the state treasurer shall
14 receive its proportionate share of earnings based upon each account's
15 or fund's average daily balance for the period.

16 (5) In conformance with Article II, section 37 of the state
17 Constitution, no treasury accounts or funds shall be allocated
18 earnings without the specific affirmative directive of this section.

19 NEW SECTION. **Sec. 11.** (1) Section 6 of this act expires when
20 chapter 144, Laws of 2020 takes effect.

21 (2) Section 9 of this act expires July 1, 2024.

22 NEW SECTION. **Sec. 12.** (1) Section 7 of this act takes effect
23 when chapter 144, Laws of 2020 takes effect.

24 (2) Section 10 of this act takes effect July 1, 2024.

25 **Sec. 13.** 2020 c 144 s 3 (uncodified) is amended to read as
26 follows:

27 ((~~This act~~)) Chapter 144, Laws of 2020 takes effect the later of
28 January 1, 2021, or the date that the board for volunteer
29 firefighters and reserve officers receives notice from the federal
30 internal revenue service that the volunteer firefighters ((~~and~~
31 ~~reserve officers relief and pension system~~)) plan is a qualified
32 employee benefit plan under the federal law. The board must provide
33 written notice of the effective date of this act to affected parties,
34 the chief clerk of the house of representatives, the secretary of the
35 senate, the office of the code reviser, and others as deemed
36 appropriate by the board.

Passed by the House March 2, 2023.
Passed by the Senate March 31, 2023.
Approved by the Governor April 13, 2023.
Filed in Office of Secretary of State April 13, 2023.

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