

Select Committee on Pension Policy

2006 Session Update

(April 12, 2006)

SCPP Bills that Passed

1. **SB 6453 — \$1,000 Minimum Benefit (Mulliken):** Establishes a \$1,000 minimum benefit in the Plans 1 of PERS and TRS for those with at least 20 years of service and who have been retired at least 25 years; provides a 3 percent escalator for both \$1,000 minimum benefits (the other being the \$1,000 minimum benefit already available to those with 25 years of service and who have been retired 20 years).

Status at sine die: This bill passed the Senate and the House without amendment and was delivered to the Governor.

Fiscal Impact: Total employer costs are \$1.2 million for 2006-2007, \$3.1 million for 2007-2009, and \$40.8 million for 2006-2031.

Status: Signed by the Governor March 27, 2006; published as Chapter 244, Laws of 2006.

Effective Date: July 1, 2006.

2. **HB 2681 — Contribution Rate Floors (Conway):** Beginning July 1, 2009, establishes minimum employer contribution rates for the Plan 1 Unfunded Actuarial Accrued Liability (UAAL) in PERS and TRS, as well as minimum employer and member contribution rates for the Plans 2/3 normal cost in PERS, TRS, and SERS.

Status at sine die: This bill passed the House and the Senate without amendment and was delivered to the Governor.

Fiscal Impact: None (see fiscal note).

Status: Signed by the Governor on March 31, 2006; published as Chapter 365, Laws of 2006.

Effective Date: July 1, 2006.

3. **SHB 2691 — Judges Benefit Multiplier (Crouse):** Allows judges to discontinue participation in the judicial retirement account plan and use their contributions to enhance their benefits in the Plans 1, 2, and 3 of PERS and Plan 1 of TRS. The substitute bill removed language from the original bill that related to optional local employer contributions.

Status at sine die: This bill passed the House and the Senate with amendments and was delivered to the Governor.

Fiscal Impact: No employer costs; all costs born by members.

Status: Signed by the Governor March 24, 2006; published as Chapter 189, Laws of 2006.

Effective Date: January 1, 2007.

4. **SHB 2688 — LEOFF Plan 1 (Fromhold):** Repeals the LEOFF 1 benefit cap as of July 1, 2006. *The original bill reinstated contribution rates July 1, 2007, (6 percent member and 6 percent employer), and formed a work group led by DRS working in concert with HCA to select and implement one or more funding vehicles for post-retirement medical benefits. The bill was first amended in the House to require the work group to submit its recommendations for proposed legislation to the appropriate committees by September 1, 2006, and its final report to the Governor and Legislature by December 1, 2006. This was a shorter time frame than under the original bill. The Senate then amended the bill to strike the section requiring contribution rates from members and employers and directing the joint task force to study the matter of LEOFF 1 contributions. Finally, the Governor vetoed the section of the bill related to the joint task force.*

Status at sine die: The bill passed the House and the Senate with amendments.

Fiscal Impact: This bill would use part of the plan's surplus, but the cost is insufficient to increase projected funding expenditures.

Status: The Governor signed the bill on March 30, 2006, with a partial veto applicable to Section 2 of the bill, the section pertaining to the joint task force. The bill was published as Chapter 350, Laws of 2006.

Effective Date: July 1, 2006.

5. **SHB 2684 — Plan 3 Vesting (Fromhold):** Establishes five-year vesting for the defined benefit portion of the Plans 3 for those members of PERS, SERS, and TRS who are age 45 and older. *The original bill lowered the vesting period from ten to five years for all members.*

Status at sine die: The substitute bill, (which added the age 45 and older limitation) passed the House and the Senate and was delivered to the Governor.

Fiscal Impact: Total employer costs are \$1.3 million in 2006-2007, \$3.5 million for 2007-2009, and \$142.8 million for 2006-2031.

Status: Signed by the Governor March 14, 2006; published as Chapter 33, Laws of 2006.

Effective Date: June 7, 2006.

6. **ESHB 2685 — PSERS Eligibility (Fromhold):** Redefines PSERS eligibility in a manner that is based on job duties rather than job titles. DNR and DSHS were deleted from the list of eligible employers in the substitute bill. The engrossed substitute bill added clarifying language to ensure that probation officers would be eligible for membership in PSERS. *The Senate amendment had added DNR and DSHS back into the list of eligible employers. The House asked the Senate to recede and it agreed.*

Status at sine die: The bill passed the House with amendments and the House version passed in the Senate.

Fiscal Impact: None.

Status: Signed by the Governor on March 29, 2006; published as Chapter 309, Laws of 2006.

Effective Date: March 29, 2006.

7. **HB 2690 — Purchasing Additional Service Credit (Crouse):** Authorizes retirement system members in all plans to make a one-time purchase at retirement of up to five years of “air time” at full actuarial cost in order to obtain an additional annuity.

Status at sine die: This bill passed the House and the Senate without amendment and was delivered to the Governor.

Fiscal Impact: None.

Status: Signed by the Governor on March 24, 2006; published as Chapter 214, Laws of 2006.

Effective Date: July 1, 2006.

8. **ESHB 2680a — TRS Out-of-State Service Credit (Conway):**

Authorizes members of TRS Plans 2 and 3 to purchase up to seven years of membership service credit for education experience in another state or with the federal government. The member pays the full actuarial cost. *The original bill provided that members paid less than the full actuarial cost of the service credit purchased. The bill was first amended in House Appropriations to require employers to cover the cost of the bill. The bill was amended again on the floor of the House, requiring that members pay the full actuarial value of the resulting increase in their benefit. The intent of the floor amendment was to apply this to both Plan 2 and Plan 3, but as written it only applied to Plan 3. This bill was further amended by Senate Ways and Means to clarify that Plan 2 members would also pay the full actuarial value of the increase in their benefit. In addition, the Senate removed two of the eligibility criteria that had been present in all previous versions of the bill and which had been originally included in the bill by the SCPP to control cost: 1) the requirement that the member have less than ten creditable years in the retirement system; and, 2) the requirement that the purchase not result in a purchase of total service credit years that exceed the member's total years of creditable service in the retirement system at the time of purchase.*

Status at sine die: This bill passed with amendments in both the House and the Senate.

Fiscal Impact: None.

Status: Signed by the Governor March 27, 2006; published as Chapter 257, Laws of 2006.

Effective Date: January 1, 2007.

Non-SCPP Bills that Passed

1. **ESSB 6896 — State Funding Stabilization (Prentice):** Creates a pension funding stabilization account in the state treasury. Moneys in the account will be invested by the State Investment Board and used only for the payment of the state government employer contributions for members of PERS, TRS, SERS, and PSERS. Reinstates contribution rates for the Unfunded Actuarial Accrued Liability in the Plans 1 of PERS (effective January 1, 2007), and TRS (effective September 1, 2006), using a three-year phase-in approach. Appropriates \$350 million from the State General Fund to the Pension Funding Stabilization Account.

Status at sine die: This bill was amended in Ways and Means. The substitute bill passed the Senate and the House and was delivered to the Governor.

Fiscal Impact: Total employer costs/(savings), excluding the \$350 million, are \$135.6 million for 2006-2007, (\$146.7million) for 2007-2009, and (\$11.1 million) for 2006-2031. The \$350 million appropriated to the account would not impact the retirement system rates until the funds are transferred to the retirement system.

Status: Signed by the Governor March 15, 2006; published as Chapter 56, Laws of 2006.

Effective Date: March 15, 2006.

2. **HB 2932 — Catastrophic Disability (Darneille):** Provides a total disability retirement allowance for LEOFF 2 members equal to 70 percent of the member's final average salary (FAS), with offsets for Workers' Compensation wage-replacement or permanent total disability benefits, as well as Federal Social Security benefits. The combined benefits may not exceed 100 percent of the member's FAS, and in no case would the offsets reduce the allowance below the member's accrued LEOFF 2 benefit. Applies a total disability standard of "unable to perform substantial gainful activity," defined as average earnings in excess of \$860 per month in 2006 (Social Security standards). Totally disabled members would be subject to comprehensive medical examinations to determine continued eligibility. For members with an employer-provided total disability benefit from Fish and Wildlife, this new benefit would offset the Fish and Wildlife benefit.

Status at sine die: This bill passed the House and the Senate without amendment and was delivered to the Governor.

Fiscal Impact: Total employer costs are \$0.2 million for 2006-2007, \$0.6 million for 2007-2009, and \$18.4 million for 2006-2031.

Status: Signed by the Governor March 14, 2006; published as Chapter 39, Laws of 2006.

Effective Date: March 14, 2006.

3. **SHB 2933 — \$150,000 Death Benefit (P. Sullivan):** Provides a \$150,000 death benefit to the survivor of a LEOFF 2 member who died as a result of an illness sustained in the course of employment. The substitute bill made technical changes to the language identifying occupational illness. *In the original bill, the \$150,000 death benefit would have been indexed in the same manner as LEOFF 2 retirement benefits - to changes in the Consumer Price Index for Wage Earners and Clerical Workers (CPI-W) to a maximum of 3 percent per year. The House's substitute bill removed the annual adjustment to the \$150,000 death benefit. The Senate's proposal retained the annual adjustment. The House's version ultimately passed the Senate.*

Status at sine die: This bill passed the House with amendments, which then passed the Senate.

Fiscal Impact: Total employer costs are \$0.1 million for 2006-2007, \$0.2 million for 2007-2009, and \$6.7 million for 2006-2031.

Status: Signed by the Governor March 30, 2006; published as Chapter 351, Laws of 2006.

Effective Date: June 7, 2006.

4. **SB 6723 — Survivor Health Care (Eide):** Provides additional benefits to the surviving spouse and dependent children of LEOFF 2 members killed in the line of duty. Health insurance premiums paid to the Washington State Health Care Authority pursuant to RCW 41.05.080 would be reimbursed by increasing the survivors' benefit allowances by the amount of the premiums. (Note: RCW 41.05.080 already allows for continued participation in insurance plans and contracts through the Public Employees' Benefits Board [PEBB] for surviving spouses and

dependent children of members killed in the line of duty.) *The House's substitute bill, SHB 2934, added language to clarify that eligibility for coverage shall be as determined in rules governing benefits offered by PEBB. SHB 2934 passed the House, but was not heard in the Senate.*

Status at sine die: The original version of the bill passed the Senate, then the House, and was delivered to the Governor.

Fiscal Impact: Total employer costs are \$0.3 million for 2006-2007, \$0.8 million for 2007-2009, and \$15.9 million for 2006-20031.

Status: Signed by the Governor March 30, 2006; published as Chapter 345, Laws of 2006.

Effective Date: June 7, 2006.

5. **SHB 3137 — WSP Survivor Benefits (Lovick):** Clarifies the definition of final average salary for the purpose of providing an eligible survivor of a disabled member with a benefit upon the member's death. The bill also provides that member contribution rates will not increase as a result of any distributions to survivors of members who became disabled prior to July 1, 2006. The substitute bill provides for retroactive survivor benefit adjustments and also provides that no supplemental contribution rate be charged.

Status at sine die: This bill was amended in House Appropriations. The substitute bill passed the House and the Senate and was delivered to the Governor.

Fiscal Impact: Total employer costs are \$0.0 million for 2006-2007, \$1.6 million for 2007-2009, and \$14.4 million for 2006-2031.

Status: Signed by the Governor March 17, 2006; published as Chapter 94, Laws of 2006.

Effective Date: June 7, 2006.

6. **SHB 2608 — VFFRO Relief and Pension Performance of Duty (DeBolt):** The original bill expanded the definition of “performance of duty” or “performance of service” in the Volunteer Fire System to include any participation in community or charitable events sanctioned by the chief or another officer. The substitute bill expanded the definition to include other officially assigned duties that are secondary to duties as a fire fighter, emergency worker, or reserve officer including maintenance, public education, inspections, investigations, court testimony, and fund-raising for the benefit of the department. Performance of duty or service also includes being on call or standby under the orders of the chief or designated officer, except at the individual’s home or place of business.

Status at sine die: This bill was amended in House Appropriations. The substitute bill passed the House and the Senate and was delivered to the Governor.

Fiscal Impact: The current annual surplus is sufficient to avoid an additional funding requirement.

Status: Signed by the Governor March 9, 2006; published as Chapter 26, Laws of 2006.

Effective Date: June 7, 2006.

7. **HB 2606 — VFFRO Relief and Pension Personnel (DeBolt):** Allows elected or appointed public officials in a city or fire district to begin or resume membership in a volunteer department and participate in the pension and relief plans provided by the fund (they are currently barred from participation). The provisions of the bill would not apply to volunteer members who serve as the fire chief for a department.

Status at sine die: This bill passed the House and the Senate without amendment and was delivered to the Governor.

Fiscal Impact: The current annual surplus is sufficient to avoid an additional funding requirement.

Status: Signed by the Governor March 24, 2006; published as Chapter 211, Laws of 2006.

Effective Date: June 7, 2006.

SCPP Bills that Did Not Pass

1. **HB 2686 / SB 6454 — Age 66 COLA (Bailey - Mulliken):** Amended the Uniform COLA eligibility requirements of the PERS and TRS Plans 1 to include all retirees who have been retired one year and will have attained age 66 by December 31 (instead of July 1) of the calendar year in which the increase is given.

Status at sine die: This bill passed the Senate without amendment. It received a hearing in House Appropriations but was not forwarded from the committee.

Fiscal Impact: Total employer costs would have been \$4.9 million for 2006-2007, \$11.5 million for 2007-2009, and \$159.5 million for 2006-2031.

2. **HB 2692 / SB 6456 — Optional Membership and Distributions (Fromhold - Pridemore):** Allowed members to receive a pension and work without restriction after age 70½ in PERS, TRS, and SERS; allows state elected officials to, at the beginning of each term of office, opt to continue active retirement system membership or retire and receive a pension.

Status at sine die: This bill did not receive a hearing in the House or the Senate.

Fiscal Impact: Total employer costs would have been \$2.0 million for 2006-2007, \$5.2 million for 2007-2009, and \$80.5 million for 2006-2031.

3. **HB 2683 / SB 6451 — Plan 1 Unfunded Liability (Fromhold - Fraser):** Reinstated contribution rates for the Plan 1 UAAL in PERS and TRS beginning July 1, 2006, and uses a three-year phase-in schedule for rates.

Status at sine die: This bill did not receive a hearing in the House or the Senate, but essentially, its content was incorporated into the pension funding bill, ESSB 6896, which passed the House and the Senate and was delivered to the Governor. This bill (among other things) reinstated contribution rates for the Plan 1 UAAL using a three-year phase-in with no “catch-up.”

Fiscal Impact: Total employer costs/(savings) would have been \$134.4 million for 2006-2007, (\$146.7 million) for 2007-2009, and (\$12.3 million) for 2006-2031.

4. **SHB 2689 and SB 6448 — Post-retirement Employment (Bailey - Mulliken):** Required employers utilizing the expanded retire-rehire program in the Plans 1 of PERS and TRS to hire retirees pursuant to a written policy; applied the following to TRS 1 to provide consistency with PERS 1: prohibition of prior agreements, documentation of need, documentation of the hiring process, a one and one-half month waiting period, and a 1,900-hour cumulative lifetime limit on hours worked in excess of 867. *The original bill had less consistency with PERS 1 in that it did not extend the break in service requirement for TRS 1 members participating in the expanded retire-rehire program from one month to one and one-half months, or impose a prospective 1,900-hour cumulative lifetime limit on hours that a TRS 1 retiree may work in excess of 867 hours annually without suspension of retirement benefits.*

Status at sine die: The bill passed the House with amendments, but was not heard in the Senate.

Fiscal Impact: The total employer costs/(savings) would have been \$0.0 million for 2006-2007, (\$2.6 million) for 2007-2009, and (\$35.3 million) for 2006-2031.

5. **HB 2679 / SB 6445 — Rule of 90 (Conway - Fraser):** Provided unreduced retirement benefits to any vested member of the TRS, SERS, and PERS Plans 2/3 for whom the sum of the number of years of the member's age and the number of years of the member's service credit equals 90 or more.

Status at sine die: This bill did not receive a hearing in the House or the Senate.

Fiscal Impact: Total employer costs would have been \$85.1 million for 2006-2007, \$194.6 million for 2007-2009, and \$3,196.4 million for 2006-2031.

6. **HB 2682 / SB 6446 — Washington State Patrol Contribution Rates (Conway - Fraser):** Changed the cost-sharing formula from a fifty-fifty member to employer split (with a 2 percent member minimum) to a

formula in which members pay one-third with a 7 percent cap and employers pay the balance. Also established a minimum total contribution rate for the WSPRS.

Status at sine die: This bill passed the House without amendment. It received a hearing in Senate Ways and Means, but was not forwarded from the committee.

Fiscal Impact: Total employer costs would have been \$1.1 million for 2006-2007, \$3.7 million for 2007-2009, and \$114.7 million for 2006-2031.

7. **HB 3183 / SB 6795 — Gain-sharing Trade-off (Fromhold - Fraser):** Repealed Plan 1 gain-sharing and provided a \$0.24 increase in the Uniform Increase Amount used in calculating Plan 1 members' Uniform COLA. Repealed Plan 3 gain-sharing, eliminated TRS 3 annual contribution rate choice, provided Plans 2/3 choice in TRS and SERS for new hires, provided an option to move to Plan 2 for TRS and SERS members mandated into Plan 3, and provided an optional 2 percent defined benefit accrual with an annuity offset for all TRS, SERS, and PERS members who chose to be in Plan 3.

Status at sine die: This bill did not receive a hearing in the House or the Senate.

Fiscal Impact: The total employer cost/(savings) would have been \$0.0 million for 2006-2007, (\$238.6 million) for 2007-2009, and (\$5,790.5 million) for 2006-2031.

Non-SCPP Bills that Did Not Pass

1. **HB 2890 / SB 6585 — Fish and Wildlife Service Credit Transfer (Simpson - Doumit):** Allowed a five-year window for LEOFF 2 members to elect to transfer PERS 2 service credit into LEOFF 2 for periods employed as enforcement officers for the Department of Fish and Wildlife prior to the 2003 legislative change allowing LEOFF 2 coverage of such employment. Members would have been required to pay the difference, plus interest, between the contributions they made to PERS 2 and the contributions they would have paid had they been members of LEOFF 2.

The Department of Fish and Wildlife would have paid, no later than June 30, 2012, an amount sufficient to ensure that LEOFF 2 contribution rates would not increase due to these transfers.

Status at sine die: This bill received hearings in House Appropriations and Senate Ways and Means, but was not forwarded from either committee.

Fiscal Impact: This bill would have increased liability in LEOFF 2 by \$8.0 million, which would have been offset by a \$4.0 million transfer from PERS 2, \$2.0 million in contributions from Fish and Wildlife members, and a \$2.0 million contribution from the Department of Fish and Wildlife.

2. **SB 6218 — Domestic Partner Retirement Benefits (Prentice):**

Allowed domestic partners to be treated as spouses for pension purposes in all of the Washington State Retirement Systems except those for first-class cities and the Washington State Patrol. (Spouses may currently receive survivor benefits upon the death of a member. They may also collect refunds of accumulated contributions of deceased members.) The bill would have required that domestic partners be 18 years or older, mentally competent to consent to contract when the domestic partnership began, not related by blood closer than would bar marriage in the state of Washington, and not married to anyone. Furthermore, a domestic partnership was defined to involve two persons in a “close personal” relationship who are “each other’s sole domestic partner and are responsible for each other’s common welfare.” Domestic partners were required to share the same “regular and permanent residence,” and be “jointly responsible for basic living expenses” as defined in the act.

Status at sine die: This bill received a hearing in Senate Ways and Means, but was not forwarded from the committee.

Fiscal Impact: Total employer costs would have been \$1.0 million for 2006-2007, \$2.2 million for 2007-2009, and \$19.5 million for 2006-2031.

3. **HB 2503 / SB 6444 — Pension Funding Stabilization (Sommers - Prentice):** Created a pension funding stabilization account in the state treasury. Moneys in the account would have been spent only after appropriation and could have been used only for payment of the UAAL in PERS Plan 1 and TRS Plan 1 that existed on July 1, 2005. The account

was not to be used to pay for any new benefit or for any benefit increase that took effect after July 1, 2005. (An increase provided in accordance with a formula in existence on July 1, 2005, was not considered a benefit increase for this purpose.)

Status at sine die: This bill received a hearing in House Appropriations, but was not forwarded from the committee.

Fiscal Impact: None.

4. **HB 2472 — Creating the Department of Public Safety (Campbell):** Established a new classification of peace officers within a new Washington Bureau of Investigation (WBI) under a new Washington State Department of Public Safety. These peace officers would have been “commissioned agents” of the WBI and members of the Washington State Patrol Retirement System.

Status at sine die: This bill received a hearing in State Government Operations and Accountability, but was not forwarded from the committee.

Fiscal Impact: Total employer costs would have been \$0.1 million for 2006-2007, \$0.2 million for 2007-2009, and \$6.1 million for 2006-2031.

5. **HB 2677 / SB 6443 — Economic Stability Account (Sommers - Fraser):** Created an economic stability account in the state treasury. Moneys in the account could be spent only after appropriation and used for several purposes, including pensions.

Status at sine die: This bill received a hearing in House Appropriations, but was not forwarded from the committee.

Fiscal Impact: None.

6. **HB 2674 — Pension Stabilization Account (Sommers):** Created a pension stabilization account in the state treasury. Moneys in the account could only be spent after appropriation and expenditures from the account would be used for “amortizing unfunded accrued actuarial liability in the state pension systems.” The bill also clarified that

transfers from the general fund to the pension stabilization account would not trigger action by the state expenditure limit committee to lower the state expenditure limit to reflect the shift.

Status at sine die: This bill received a hearing in House Appropriations but was not forwarded from the committee.

Fiscal Impact: None.

7. **SHB 2527 — State Employee Return to Work (Nixon):** Added a new section to the state civil service law to provide that state employees called to active duty with any branch of the U.S. military would return to work with credit for the “periodic increment date” for that time served on active military duty. A periodic increment date is currently defined as the date upon which an employee is scheduled to receive an increment increase by moving to a higher salary step within the salary range for his/her current class. The substitute bill amended the civil service law directly rather than requiring the Director of DOP to direct the agencies through rules.

Status at sine die: This bill was heard in the Government Operations committee of the Senate. It was heard and amended in the House’s State Government Operations and Accountability committee and the substitute bill passed the House.

Fiscal Impact: None.

8. **HB 2909 — Plan 1 Unfunded Liability (Bailey):** Established a three-year phase-in of contribution rates to be used for the sole purpose of paying the UAAL in TRS 1 and PERS 1. The phase-in rates were in addition to the phase-in rates established pursuant to RCW 41.45.062. They incorporated both the required rates to fund the Plan 1 UAAL recommended by the Pension Funding Council for payment during the 2003-2005 and 2005-2007 fiscal biennia, which were suspended by the legislature, and the projected payments for the 2007-2009 biennium.

Status at sine die: This bill did not receive a hearing.

Fiscal Impact: The total employer costs/(savings) would have been \$230.0 million for 2006-2007, \$385.5 million for 2007-2009, and (\$688.4 million) for 2006-2031.

9. **SHB 2833 — VFFRO Relief and Pension Board Membership (Haigh):** Added two new positions to the State Board for Volunteer Fire Fighters and Reserve Officers; required that at least three of the board members not be receiving relief or pension benefits from the Volunteer Fire Fighters' and Reserve Officers' Relief and Pension Fund; and directed the Governor to "consider participants who are recommended for appointment by the appropriate state associations." The substitute bill allowed rather than required the Governor to consider participants who are recommended for appointment by the appropriate state associations.

Status at sine die: The bill was amended in House Appropriations. The substitute bill passed the House, but not was not heard in a Senate committee.

Fiscal Impact: None.

10. **HB 2896 / SB 6702 — Supplemental Pension Programs (Fromhold - Fraser):** Amended the public sector collective bargaining provisions of state law. Under current law, employers are forbidden to bargain over retirement plans and retirement benefits. This bill would have created an exception to this prohibition by allowing collective bargaining over "supplemental pension programs that are provided other than by the state, and purchased entirely through collectively bargained employee contributions." (Note: Payroll deductions for "employee benefit programs" through labor or employee organizations are already allowed under RCW 41.04.230[6].)

Status at sine die: This bill was heard in Senate Ways and Means, but was not forwarded from the committee.

Fiscal Impact: None.

11. **HB 2927 / SB 6655 — Judicial Retirement Account (JRA) (Fromhold - Fraser):** Allowed membership in the plan for any state-employed justice or judge who is not a member of the now-closed Judicial Retirement System. Removed options for the Administrator of the Courts to manage contributions, leaving investment of the principal account with the State Investment Board. Exempted JRA accounts from judicial process, including attachment and the operation of bankruptcy insolvency laws, except for domestic relations orders and federal income tax levies. Subjected distribution of JRA accounts to the operation of

state community property laws upon a member's death. Additional sections of the bill provided for technical corrections such as incorrect references to non-codified sections.

Status at sine die: This bill was forwarded from House Appropriations and Senate Judiciary without amendment.

Fiscal Impact: Based on a salary of \$122,000 for one additional member, both the member and the employer contributions would increase by \$3,050 a year (2.5 percent of \$122,000).

12. **SB 6847 — Reducing Unfunded Liability (Finkbeiner):** This bill would have forbidden the suspension of those portions of the basic employer contribution rates that are necessary to pay for the UAAL in the Plans 1 until 2009. It also makes up the actuarially required payments for the Plan 1 UAAL that were suspended in the first year of the current biennium and reinstated UAAL contribution rates beginning in the 2007 fiscal year. In 2009, minimum basic contribution rate floors with a target funding ratio would have been established for the UAAL in the affected retirement systems.

Redirected Plan 1 gain-sharing so that beginning January 1, 2008, it would no longer be used for benefit improvements, but rather to shorten the amortization period for paying the Plan 1 UAAL. Repeals Plan 3 gain-sharing.

Status at sine die: This bill did not receive a hearing.

Fiscal Impact: The total employer costs/(savings) would have been \$0.0 million for 2006-2007, (\$403.2 million) for 2007-2009, and (\$7,841.0 million) for 2006-2031.

13. **HB 3063 — Plan 1 SIB Stabilization (Bailey):** Created unfunded liability stabilization accounts within both the PERS Plan 1 fund and TRS Plan 1 fund. Expenditures from the accounts would have been used only for the payment of unfunded liabilities of the respective Plans 1 and not to pay for any new benefit or for any benefit increase that would have taken effect after July 1, 2005. (An increase provided in accordance with a formula in existence on July 1, 2005, would not have been considered an increase for the purpose of this bill.)

Status at sine die: This bill did not receive a hearing.

Fiscal Impact: None.

14. **HB 3224 — PERS 1 Military Service Credit (Haigh):** Expanded eligibility for PERS Plan 1 interruptive military service credit by amending the definition of military service to be consistent with the definition in RCW 73.16.031, the chapter that guarantees employment rights to those who are called to active duty. The amended definition picked up several categories of service that are not currently included. Secondly, the bill eliminated the general requirement that a member on military leave of absence must return to employment in order to receive service credit for the period of military leave. Finally, the bill would have terminated military service credit for members who receive a dishonorable or bad conduct discharge, or who separate under other than honorable conditions, or are dismissed or dropped from the rolls.

Status at sine die: This bill was heard in State Government Operations and Accountability, but was not forwarded from the committee.

Fiscal Impact: The cost would have been insufficient to increase contribution rates.

15. **SB 6873 — Director of Fire Protection (Keiser):** Allowed persons employed as the Director of the Fire Protection Bureau to continue membership in LEOFF 2 if, under an earlier employer, they had established membership in LEOFF 2.

Status at sine die: This bill was forwarded from Senate Ways and Means without amendment.

Fiscal Impact: The cost would have been insufficient to increase contribution rates.

16. **HB 3280 — PERS/WSP 1 Military Service Credit (Ericks):** Included service credit transferred from LEOFF 1 in the determination of eligibility for military service credit in the Plans 1 of PERS and the WSPRS.

Status at sine die: This bill did not receive a hearing.

Fiscal Impact: Total employer costs would have been \$0.0 million for 2006-2007, \$0.0 million for 2007-2009, and \$0.1 million for 2006-2031.

17. **SB 6893 — UAAL Stabilization with Appropriations (Mulliken):** Created unfunded liability stabilization accounts within the PERS 1 and TRS 1 funds; appropriated \$506.9 million from the state's general fund into the accounts; authorized payments from the accounts to be used for the 2005-2007 general fund state required payments, with the balance remaining in the accounts to be used after authorization for 2007-2009; authorized the SIB to invest money within the accounts; and established a local employer UAAL contribution rate for PERS and PSERS of 3.44 percent for the 2007 fiscal year.

Status at sine die: This bill did not receive a hearing.

Fiscal Impact: Total employer costs/(savings) would have been \$310.8 million for 2006-2007, (\$48.7 million) for 2007-2009, and (\$343.8 million) for 2006-2031.