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OSA

December 9, 2012 (10:24 AM)

AN ACT Relating to limiting the impact of excess compensation on state retirement system contribution rates; and amending RCW 41.50.150.

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

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4 **Sec. 1.** RCW 41.50.150 and 2004 c 242 s 47 are each amended to
5 read as follows:

6 (1) The employer of any employee whose retirement benefits are
7 based in part on excess compensation, as defined in this section,
8 shall, upon receipt of a billing from the department, pay into the
9 appropriate retirement system the present value at the time of the
10 employee's retirement of the total estimated cost of all present and
11 future benefits from the retirement system attributable to the excess
12 compensation. The state actuary shall determine the estimated cost
13 using the same method and procedure as is used in preparing fiscal
14 note costs for the legislature. However, the director may in the
15 director's discretion decline to bill the employer if the amount due
16 is less than fifty dollars. Accounts unsettled within thirty days of
17 the receipt of the billing shall be assessed an interest penalty of
18 one percent of the amount due for each month or fraction thereof
19 beyond the original thirty-day period.

1 (2) "Excess compensation," as used in this section, includes the
2 following payments, if used in the calculation of the employee's
3 retirement allowance:

4 (a) A cash out of unused annual leave in excess of two hundred
5 forty hours of such leave. "Cash out" for purposes of this subsection
6 means:

7 (i) Any payment in lieu of an accrual of annual leave; or

8 (ii) Any payment added to salary or wages, concurrent with a
9 reduction of annual leave;

10 (b) A cash out of any other form of leave;

11 (c) A payment for, or in lieu of, any personal expense or
12 transportation allowance to the extent that payment qualifies as
13 reportable compensation in the member's retirement system;

14 (d) The portion of any payment, including overtime payments, that
15 exceeds twice the regular daily or hourly rate of pay; (~~and~~)

16 (e) The portion of total reportable compensation in the salary
17 averaging period used in the calculation of the employee's retirement
18 allowance that, due to reportable compensation from overtime, bonuses,
19 cash outs of any form of leave, or lump sum payments, exceeds one and
20 one-half times the employee's total reportable compensation in the
21 immediately preceding service creditable time period of equivalent
22 length; and

23 (f) Any termination or severance payment.

24 (3) This section applies to the retirement systems listed in RCW
25 41.50.030 and to retirements occurring on or after March 15, 1984.
26 Nothing in this section is intended to amend or determine the meaning
27 of any definition in chapter 2.10, 2.12, 41.26, 41.32, 41.40, 41.35,
28 41.37, or 43.43 RCW or to determine in any manner what payments are
29 includable in the calculation of a retirement allowance under such
30 chapters.

31 (4) An employer is not relieved of liability under this section
32 because of the death of any person either before or after the billing
33 from the department.

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