

CHAPTER 184.

[S. H. B. 297.]

SOCIAL SECURITY COVERAGE FOR STATE
OFFICIALS AND EMPLOYEES.

AN ACT providing for the coverage of certain officers and employees of the state and local governments under the old-age and survivors insurance provisions of title II of the federal social security act, as amended; fixing the powers and duties of certain state officers; making an appropriation; and declaring an emergency.

*Be it enacted by the Legislature of the State
Washington:*

SECTION 1. In order to extend to employees of the state and its political subdivisions and to the dependents and survivors of such employees, the basic protection accorded to others by the old-age and survivors insurance system embodied in the social security act, it is hereby declared to be the policy of the legislature, subject to the limitations of this act, that such steps be taken as to provide such protection to employees of the state and its political subdivisions on as broad a basis as is permitted under the social security act. Nothing in this act shall be construed to in any way affect any existing pension or retirement system or plan for any group of state employees or the employees of any political subdivision thereof, nor to allow or authorize the governor or the governing body of any political subdivision, either separately or acting together, to terminate or alter any existing pension or retirement plan or to put under the federal social security act any persons now members or protected by any state or local pension or retirement plan or system.

Declaration
of policy.

Construc-
tion; existing
systems and
members
thereof not
affected.

SEC. 2. For the purposes of this act—(a) The term “wages” means all remuneration for employment as defined herein, including the cash value of all remuneration paid in any medium other than cash, except that such term shall not include that

“Wages.”

part of such remuneration which, even if it were for "employment" within the meaning of the federal insurance contributions act, would not constitute "wages" within the meaning of that act;

"Employment."

(b) The term "employment" means any service performed by an employee in the employ of the state, or any political subdivision thereof, for such employer, except (1) service which in the absence of an agreement entered into under this act would constitute "employment" as defined in the social security act; or (2) service which under the social security act may not be included in an agreement between the state and the federal security administrator entered into under this act.

"Employee."

(c) The term "employee" includes all officers and employees of the state or its political subdivisions except elected officials and officials compensated on a fee basis.

"Federal security administrator."

(d) The term "federal security administrator" includes any individual to whom the federal security administrator has delegated any of his functions under the social security act with respect to coverage under such act of employees of states and their political subdivisions;

"Political subdivision."

(e) The term "political subdivision" includes an instrumentality of the state, of one or more of its political subdivisions, or of the state and one or more of its political subdivisions. Such term also includes a proprietary enterprise acquired, purchased or originated by the state or any of its political subdivisions subsequent to December, 1950. Such a subdivision may elect to accept federal OASI coverage under this act and if so, is exempted from the application of the state employees retirement act, chapter 274, Laws of 1947.

Governor authorized to enter into agreements.

SEC. 3. (a) The governor is hereby authorized to enter on behalf of the state into an agreement with the federal security administrator, consistent

with the terms and provisions of this act, for the purpose of extending the benefits of the federal old-age and survivors insurance system to employees of the state or any political subdivision thereof with respect to services specified in such agreement which constitute "employment" as defined in section 2 of this act. Such agreement may contain such provisions relating to coverage, benefits, contributions, effective date, modification and termination of the agreement, administration, and other appropriate provisions as the governor and federal security administrator shall agree upon, but, except as may be otherwise required by or under the social security act as to the services to be covered, such agreement shall provide in effect that—

Purpose of agreement.

Contents.

Mandatory provisions.

(1) Benefits will be provided for employees whose services are covered by the agreement (and their dependents and survivors) on the same basis as though such services constituted employment within the meaning of title II of the social security act;

Basis of benefits.

(2) The state will pay to the secretary of the treasury, at such time or times as may be prescribed under the social security act, contributions with respect to wages (as defined in section 2 of this act), equal to the sum of the taxes which would be imposed by sections 1400 and 1410 of the federal insurance contributions act if the services covered by the agreement constituted employment within the meaning of that act;

Contributions by state.

(3) Such agreement shall be effective with respect to services in employment covered by the agreement performed after a date specified therein but in no event may it be effective with respect to any such services performed prior to the first day of the calendar year in which such agreement is entered into or in which the modification of the agree-

Agreement effective as to services performed when.

ment making it applicable to such services, is entered into;

Services to be covered; state employees.

(4) All services which constitute employment as defined in section 2 and are performed in the employ of the state by employees of the state, shall be covered by the agreement; and

Same; employees of political subdivisions.

(5) All services which (A) constitute employment as defined in section 2, (B) are performed in the employ of a political subdivision of the state, and (C) are covered by a plan which is in conformity with the terms of the agreement and has been approved by the governor under section 5, shall be covered by the agreement.

Joint instrumentality authorized to participate.

(b) Any instrumentality jointly created by this state and any other state or states is hereby authorized, upon the granting of like authority by such other state or states, (1) to enter into an agreement with the federal security administrator whereby the benefits of the federal old-age and survivors insurance system shall be extended to employees of such instrumentality, (2) to require its employees to pay (and for that purpose to deduct from their wages) contributions equal to the amounts which they would be required to pay under section 4(a) if they were covered by an agreement made pursuant to subsection (a) of this section, and (3) to make payments to the secretary of the treasury in accordance with such agreement, including payments from its own funds, and otherwise to comply with such agreements. Such agreement shall, to the extent practicable, be consistent with the terms and provisions of subsection (a) and other provisions of this act.

Employees to make contributions.

SEC. 4. (a) Every employee of the state whose services are covered by an agreement entered into under section 3 shall be required to pay for the period of such coverage, into the contribution fund established by section 6, contributions, with respect to wages (as defined in section 2 of this act), equal

to the amount of tax which would be imposed by section 1400 of the federal insurance contributions act if such services constituted employment within the meaning of that act. Such liability shall arise in consideration of the employee's retention in the service of the state, or his entry upon such service, after the enactment of this act.

Amount.

Basis of liability for contributions.

(b) The contribution imposed by this section shall be collected by deducting the amount of the contribution from wages as and when paid, but failure to make such deduction shall not relieve the employee from liability for such contribution.

Collection.

(c) If more or less than the correct amount of the contribution imposed by this section is paid or deducted with respect to any remuneration, proper adjustments, or refund if adjustment is impracticable, shall be made, without interest, in such manner and at such times as the state agency shall prescribe.

Contribution; adjustments and refunds.

SEC. 5. (a) Each political subdivision of the state is hereby authorized to submit for approval by the governor a plan for extending the benefits of title II of the social security act, in conformity with applicable provisions of such act, to employees of such political subdivision. Each such plan and any amendment thereof shall be approved by the governor if he finds that such plan, or such plan as amended, is in conformity with such requirements as are provided in regulations of the governor, except that no such plan shall be approved unless—

Plan for employees of political subdivisions.

Approval by governor.

Conditions.

(1) It is in conformity with the requirements of the social security act and with the agreement entered into under section 3;

Conformity with act and agreement.

(2) It provides that all services which constitute employment as defined in section 2 and are performed in the employ of the political subdivision by employees thereof, shall be covered by the plan;

All services which constitute employment must be covered.

Specification as to source of funds.

(3) It specifies the source or sources from which the funds necessary to make the payments required by paragraph (1) of subsection (c) and by subsection (d) are expected to be derived and contains reasonable assurance that such sources will be adequate for such purposes;

Provides methods for efficient administration.

(4) It provides for such methods of administration of the plan by the political subdivision as are found by the governor to be necessary for the proper and efficient administration of the plan;

Provides for reports.

(5) It provides that the political subdivision will make such reports, in such form and containing such information, as the governor may from time to time require and comply with such provisions as the governor or the federal security administrator may from time to time find necessary to assure the correctness and verification of such reports; and

Authorizes termination by governor.

(6) It authorizes the governor to terminate the plan in its entirety, in his discretion, if he finds that there has been a failure to comply substantially with any provision contained in such plan, such termination to take effect at the expiration of such notice and on such conditions as may be provided by regulations of the governor and may be consistent with the provisions of the social security act.

Refusal to approve, or termination of plan; notice and hearing required.

(b) The governor shall not finally refuse to approve a plan submitted by a political subdivision under subsection (a), and shall not terminate an approved plan, without reasonable notice and opportunity for hearing to the political subdivision affected thereby.

Contributions by political subdivisions.

(c) (1) Each political subdivision as to which a plan has been approved under this section shall pay into the contribution fund, with respect to wages (as defined in section 2 of this act), at such time or times as the governor may by regulation prescribe, contributions in the amounts and at the rates specified in the applicable agreement entered into by the governor under section 3.

(2) Each political subdivision required to make payments under paragraph (1) of this subsection is authorized, in consideration of the employee's retention in, or entry upon, employment after enactment of this act, to impose upon each of its employees, as to services which are covered by an approved plan, a contribution with respect to his wages (as defined in section 2 of this act), not exceeding the amount of tax which is imposed by section 1400 of the federal insurance contributions act, and to deduct the amount of such contribution from his wages as and when paid. Contributions so collected shall be paid into the OASI contribution fund in partial discharge of the liability of such political subdivision or instrumentality under paragraph (1) of this subsection. Failure to deduct such contribution shall not relieve the employee or employer of liability therefor.

Employee's contribution.

Amount.

Payments to OASI contribution fund.

Failure to deduct contribution.

(d) Delinquent payments due under paragraph (1) of subsection (c) may, with interest at the rate of six *per centum per annum*, be recovered by action in a court of competent jurisdiction against the political subdivision liable therefor or may, at the request of the governor, be deducted from any other moneys payable to such subdivision by any department or agency of the state.

Delinquent payments.

SEC. 6. (a) There is hereby established a special fund to be known as the OASI contribution fund. Such fund shall consist of and there shall be deposited in such fund: (1) all contributions, interest, and penalties collected under sections 4 and 5; (2) all moneys appropriated thereto under this act; (3) any property or securities and earnings thereof acquired through the use of moneys belonging to the fund; (4) interest earned upon any moneys in the fund, and (5) all sums recovered upon the bond of the custodian or otherwise for losses sustained by the fund and all other moneys received for the fund

OASI contribution fund.

Governor to administer fund.

from any other source. All moneys in the fund shall be mingled and undivided. Subject to the provisions of this act, the governor is vested with full power, authority and jurisdiction over the fund, including all moneys and property or securities belonging thereto, and may perform any and all acts whether or not specifically designated, which are necessary to the administration thereof and are consistent with the provisions of this act.

Fund to be separate from other moneys.

(b) The OASI contribution fund shall be established and held separate and apart from any other funds or moneys of the state and shall be used and administered exclusively for the purpose of this act. Withdrawals from such fund shall be made for, and solely for (A) payment of amounts required to be paid to the secretary of the treasury pursuant to an agreement entered into under section 3; (B) payment of refunds provided for in section 4(c) of this act; and (C) refunds of overpayments, not otherwise adjustable, made by a political subdivision or instrumentality.

Withdrawals.

Payments to secretary of treasury.

(c) From the OASI contribution fund the custodian of the fund shall pay to the secretary of the treasury such amounts and at such time or times as may be directed by the governor in accordance with any agreement entered into under section 3 and the social security act.

State treasurer ex-officio treasurer of fund.

(d) The treasurer of the state shall be *ex-officio* treasurer and custodian of the OASI contribution fund and shall administer such fund in accordance with the provisions of this act and the directions of the governor and shall pay all warrants drawn upon it in accordance with the provisions of this section and with the regulations as the governor may prescribe pursuant thereto.

Political subdivisions; advisory vote.

SEC. 7. The governing body of any political subdivision having any coverage group, as the term is defined in title II of the social security act, not

covered by a state or municipal retirement system may submit for an advisory vote to the members of such coverage group the question of whether they prefer coverage by federal old-age and survivors insurance or coverage by a state or municipal retirement system.

SEC. 8. There is hereby appropriated for the biennium ending March 31, 1953, the sum of one million dollars or so much thereof as may be necessary, from the OASI contribution fund, to be expended for the purposes of section 6 of this act.

Appropriation.

SEC. 9. All costs allocable to the administration of this chapter shall be charged to and paid to the general fund by the participating divisions and instrumentalities of the state *pro rata* according to their respective contributions.

Cost of administration.

SEC. 10. The governor shall make and publish such rules and regulations, not inconsistent with the provisions of this act, as he finds necessary or appropriate to the efficient administration of the functions with which he is charged under this act.

Governor to make rules and regulations.

SEC. 11. Any authority conferred upon the governor by this act may be exercised by an official or state agency designated by him.

Governor may delegate authority.

SEC. 12. This act is necessary for the support of the state government and shall take effect immediately.

Emergency.

Passed the House February 27, 1951.

Passed the Senate March 6, 1951.

Approved by the Governor March 16, 1951.