

With the exception of section 4 which I have vetoed, the remainder of House Bill No. 12 is approved."

CHAPTER 274
[House Bill No. 176]
PUBLIC EMPLOYEES' BENEFITS—COMMITTEE
FOR DEFERRED COMPENSATION—
APPROPRIATION

AN ACT Relating to public employees' benefits; amending section 1, chapter 264, Laws of 1971 ex. sess. as last amended by section 1, chapter 99, Laws of 1973 1st ex. sess. and RCW 41.04.250; adding a new section to chapter 41.04 RCW; making an appropriation.

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

NEW SECTION. Section 1. There is added to chapter 41.04 RCW a new section to read as follows:

There is hereby created a committee for deferred compensation to be composed of five members appointed by the Governor, one of whom shall be a representative of an employee association or union certified as an exclusive representative of at least one bargaining unit of classified employees, one who shall be a representative of either a credit union, savings and loan association, mutual savings bank or bank, one who shall be a representative of an insurance association or investment company, one who shall be the state attorney general or his designee and one additional member selected by the Governor. The committee shall serve without compensation but shall receive necessary expenses as provided for in RCW 43.03.050 and 43.03.060. The committee shall be trustees of the deferred compensation revolving fund which is hereby created in the state treasury. All expenses of the committee including staffing and administrative expenses shall be paid out of the deferred compensation revolving fund. The amount of compensation deferred or amounts paid by employees under agreements entered into under the authority contained in RCW 41.04.250 shall be paid into the revolving fund and shall be sufficient to cover costs of administration and staffing in addition to such other amounts as determined by this committee. The revolving fund shall be used to carry out the purposes of RCW 41.04.250. Any county, municipality or other subdivision of the state may elect to participate in any agreements entered into by the committee under RCW 41.04.250.

Sec. 2. Section 1, chapter 264, Laws of 1971 ex. sess. as last amended by section 1, chapter 99, Laws of 1973 1st ex. sess. and RCW 41.04.250 are each amended to read as follows:

(Any department, division, or separate agency of) The state ((government)), through the committee for deferred compensation created in section 1 of this amendatory act, and any county, municipality, or other political subdivision of the state acting through its principal supervising official or governing body is authorized to:

(1) Enter into an agreement with any life insurance company, bank trustee, or custodian authorized to do business in the state of Washington to provide qualified pension plans under the provisions of 26 U.S.C., section 401 (a), as amended by Public Law 89-809, 80 Stat. 1577, 1578 as now or hereafter amended, or to

provide deferred annuities for all officials and employees of said public entities deemed to be eligible by the agency of the United States government having jurisdiction of the matter under the provisions of 26 U.S.C., section 403 (b), as amended by Public Law 87-370, 75 Stat. 796 and as now or hereafter amended, such pension or annuities to be in lieu of a portion of salary or wages. Such pension plans or tax deferred annuity benefits shall be available to those employees who elect to participate in said agreement and who agree to take a reduction in salary in the equivalent amount of the contribution required to be made by the public entity for and on behalf of such employee. The funds derived from such reductions in salary shall be deposited and accounted for in an appropriately designated account maintained by the public employer of such employee and any official authorized to disburse such funds is empowered to remit these designated funds to the insurer, custodian, or trustee in accordance with the salary reduction agreement between the public entity and the employee.

(2) Contract with an employee to defer a portion of that employee's income, which deferred portion shall in no event exceed ~~((twenty-five percent of such income, and may subsequently))~~ the appropriate internal revenue service exclusion allowance for such plans, and shall promptly with the consent of the employee, deposit or invest in a credit union, savings and loan association, bank, mutual savings bank or purchase ((a)) life insurance, shares of an investment company, or fixed and/or variable annuity contracts, for the purpose of funding a deferred compensation program for the employee, from any life underwriter or registered representative duly licensed by this state who represents an insurance company or any investment company licensed to contract business in this state. The committee can provide such plans as it deems are in the interests of state employees. In no event shall the total payments made for the purchase of said life insurance contract, or fixed and/or variable annuity contract and the employee's nondeferred income for any year exceed the total annual salary, or compensation under the existing salary schedule or classification plan applicable to such employee in such year. Any income deferred under such a plan shall continue to be included as regular compensation, for the purpose of computing the retirement and pension benefits earned by any employee, but any sum so deducted shall not be included in the computation of any taxes withheld on behalf of any such employee.

Coverage of an employee under a qualified pension plan, contract for a deferred annuity or deferred compensation plan under this section shall not render such employee ineligible for simultaneous membership and participation in the pension systems for public employees which are provided for by chapters 41.26, 41.32 and 41.40 RCW.

NEW SECTION. Sec. 3. There is hereby appropriated from the general fund to the deferred compensation revolving fund, the sum of thirty-five thousand dollars, which amount shall be repaid to the general fund from the deferred compensation revolving fund prior to the end of 1975-77 biennium.

Passed the House June 5, 1975.

Passed the Senate June 3, 1975.

Approved by the Governor July 2, 1975.

Filed in Office of Secretary of State July 2, 1975.