

That payments under this subsection to children shall be prorated equally among the children, if more than one.

(4) In the event that there is no surviving spouse eligible to receive benefits under this section, and that there be no child or children eligible to receive benefits under this section, then the accumulated contributions shall be paid to the estate of said member.

(5) If a surviving spouse receiving benefits under the provisions of this section thereafter dies (~~or remarries~~) and there are children as defined in RCW 41.26.030(7), as now or hereafter amended, payment to the spouse shall cease and the child or children shall receive the benefits as provided in subsection (3) above.

(6) The payment provided by this section shall become due the day following the date of death and payments shall be retroactive to that date.

NEW SECTION. Sec. 24. Section headings used in this 1977 amendatory act shall not constitute any part of the law.

NEW SECTION. Sec. 25. Sections 1 through 16 of this 1977 amendatory act shall be added to chapter 41.26 RCW and shall be codified as consecutive sections of the Revised Code of Washington within such chapter.

NEW SECTION. Sec. 26. If any provision of this 1977 amendatory act, or its application to any person or circumstance is held invalid, the remainder of the act, or the application of the provision to other persons or circumstances is not affected.

NEW SECTION. Sec. 27. This 1977 amendatory act is necessary for the immediate preservation of the public peace, health, and safety, the support of the state government and its existing public institutions, and shall take effect October 1, 1977.

Passed the House June 17, 1977.

Passed the Senate June 17, 1977.

Approved by the Governor June 18, 1977.

Filed in Office of Secretary of State June 18, 1977.

CHAPTER 295

[Substitute House Bill No. 865]

PUBLIC EMPLOYEES' RETIREMENT SYSTEM

AN ACT Relating to the public employees' retirement system; amending section 1, chapter 274, Laws of 1947 as last amended by section 2, chapter 190, Laws of 1973 1st ex. sess. and RCW 41.40.010; amending section 4, chapter 34, Laws of 1975-'76 2nd ex. sess. and RCW 41.40.165; amending section 35, chapter 274, Laws of 1947 and RCW 41.40.340; amending section 36, chapter 274, Laws of 1947 and RCW 41.40.350; amending section 38, chapter 274, Laws of 1947 as last amended by section 1, chapter 126, Laws of 1963 and RCW 41.40.370; adding new sections to chapter 41.40 RCW; prescribing an effective date; and declaring an emergency.

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

NEW SECTION. Section 1. LEGISLATIVE FINDING. The legislature finds and determines that those members first employed on or before September 30, 1977, shall not suffer any diminishment or loss of benefits or rights, whether current or prospective, as the result of the enactment of this 1977 amendatory act.

NEW SECTION. Sec. 2. APPLICATION TO CERTAIN PERSONS. Sections 3 through 15 of this 1977 amendatory act shall apply only to those persons who are initially employed by an employer on or after October 1, 1977.

NEW SECTION. Sec. 3. COMPUTATION OF THE RETIREMENT ALLOWANCE. A member of the retirement system shall receive a retirement allowance equal to two percent of such member's average final compensation for each year of service.

NEW SECTION. Sec. 4. RETIREMENT FOR SERVICE. (1) NORMAL RETIREMENT. Any member with at least five years of service who has attained at least age sixty-five shall be eligible to retire and to receive a retirement allowance computed according to the provisions of section 3 of this 1977 amendatory act.

(2) **EARLY RETIREMENT.** Any member who has completed at least twenty years of service and has attained age fifty-five shall be eligible to retire and to receive a retirement allowance computed according to the provisions of section 3 of this 1977 amendatory act, except that a member retiring pursuant to this subsection shall have the retirement allowance actuarially reduced to reflect the difference in the number of years between age at retirement and the attainment of age sixty-five.

NEW SECTION. Sec. 5. POST-RETIREMENT COST-OF-LIVING. Beginning July 1, 1979, and every year thereafter, the department shall determine the following information for each retired member or beneficiary whose retirement allowance has been in effect for at least one year:

- (1) The original dollar amount of the retirement allowance;
- (2) The index for the calendar year prior to the effective date of the retirement allowance, to be known as "index A";
- (3) The index for the calendar year prior to the date of determination, to be known as "index B"; and
- (4) The ratio obtained when index B is divided by index A.

The value of the ratio obtained shall be the annual adjustment to the original retirement allowance and shall be applied beginning with the July payment. In no event, however, shall the annual adjustment:

- (a) Produce a retirement allowance which is lower than the original retirement allowance;
- (b) Exceed three percent in the initial annual adjustment; or
- (c) Differ from the previous year's annual adjustment by more than three percent.

For the purposes of this section, "index" means, for any calendar year, that year's average consumer price index—Seattle, Washington area for urban wage earners and clerical workers, all items, compiled by the bureau of labor statistics, United States department of labor.

NEW SECTION. Sec. 6. EMPLOYER AND MEMBER CONTRIBUTIONS. The required contribution rates to the retirement system for both members and employers shall be established by the director from time to time as may be necessary upon the advice of the state actuary.

Contribution rates required to fund the costs of the retirement system shall always be equal for members and employers, except as herein provided. Any adjustments in contribution rates required from time to time for future costs shall likewise be shared equally by the members and employers: PROVIDED, That the costs of amortizing the unfunded supplemental present value of the retirement system, in existence on September 30, 1977, shall be borne in full by the employers.

Any increase in the contribution rate required as the result of a failure of an employer to make any contribution required by this section shall be borne in full by the employer not making the contribution.

The director shall notify the retirement board of any pending adjustment in the required contribution rate and such increase shall be announced at a board meeting held at least thirty days prior to the effective date of the change.

Members contributions required by this section shall be deducted from the members compensation earnable each payroll period. The members contribution and the employers contribution shall be remitted directly to the department within fifteen days following the end of the calendar month during which the payroll period ends.

Until such time as the director shall establish other rates, members and employers of such members shall each contribute 5.51% of compensation earnable: PROVIDED, That employers shall initially contribute an additional one and one-half percent of compensation earnable per member to amortize the unfunded supplemental present value of the retirement system in effect on September 30, 1977.

NEW SECTION. Sec. 7. OPTIONS FOR PAYMENT OF RETIREMENT ALLOWANCES. Upon retirement for service as prescribed in section 4 of this 1977 amendatory act, a member shall elect to have the retirement allowance paid pursuant to Option 1, 2, or 3 with Options 2 and 3 calculated so as to be actuarially equivalent to Option 1.

(1) **OPTION 1.** A member electing this option shall receive a retirement allowance payable throughout such member's life. However, if the retiree dies before the total of the retirement allowance paid to such retiree equals the amount of such retiree's accumulated contributions at the time of retirement, then the balance shall be paid to such person or persons having an insurable interest in the retiree's life as the retiree shall have nominated by written designation duly executed and filed with the department; or if there be no such designated person or persons still living at the time of the retiree's death, then to the surviving spouse; or if there be neither such designated person or persons still living at the time of death nor a surviving spouse, then to the retiree's legal representative.

(2) **OPTION 2.** A member who elects this option shall receive a reduced retirement allowance, which upon the member's death shall be continued throughout the life of and paid to such person having an insurable interest in the retiree's life as the retiree shall have nominated by written designation duly executed and filed with the department at the time of the retiree's retirement.

(3) **OPTION 3.** A member who elects this option shall receive a reduced retirement allowance, and upon the member's death one-half of the retiree's reduced retirement allowance shall be continued throughout the life of and paid to such person having an insurable interest in the retiree's life as the retiree shall have

nominated by written designation duly executed and filed with the department at the time of the retiree's retirement.

NEW SECTION. Sec. 8. EARNED DISABILITY ALLOWANCE. A member of the retirement system who becomes totally incapacitated for continued employment by an employer as determined by the department upon recommendation of the retirement board shall be eligible to receive an allowance under the provisions of sections 2 through 15 of this 1977 amendatory act. Such member shall receive a monthly disability allowance computed as provided for in section 3 of this 1977 amendatory act and shall have such allowance actuarially reduced to reflect the difference in the number of years between age at disability and the attainment of age sixty-five.

Any member who receives an allowance under the provisions of this section shall be subject to such comprehensive medical examinations as required by the department. If such medical examinations reveal that such a member has recovered from the incapacitating disability and the member is offered reemployment by an employer at a comparable compensation, such member shall cease to be eligible for such allowance.

NEW SECTION. Sec. 9. APPLICATION FOR AND EFFECTIVE DATE OF RETIREMENT ALLOWANCES. Any member or beneficiary eligible to receive a retirement allowance under the provisions of sections 4, 8, or 11 of this 1977 amendatory act shall be eligible to commence receiving a retirement allowance after having filed written application with the department.

(1) Retirement allowances paid to members under the provisions of section 4 of this 1977 amendatory act shall accrue from the first day of the calendar month immediately following such member's separation from employment.

(2) Retirement allowances paid to vested members no longer in service, but qualifying for such an allowance pursuant to section 4 of this 1977 amendatory act, shall accrue from the first day of the calendar month immediately following such qualification.

(3) Disability allowances paid to disabled members under the provisions of section 8 of this 1977 amendatory act shall accrue from the first day of the calendar month immediately following such member's separation from employment for disability.

(4) Retirement allowances paid as death benefits under the provisions of section 11 of this 1977 amendatory act shall accrue from the first day of the calendar month immediately following the member's death.

NEW SECTION. Sec. 10. SUSPENSION OF RETIREMENT ALLOWANCE UPON REEMPLOYMENT BY AN EMPLOYER. No retiree under the provisions of sections 2 through 15 of this 1977 amendatory act shall be eligible to receive such retiree's monthly retirement allowance if such retiree is performing service for any nonfederal public employer in this state.

Upon cessation of service for any nonfederal public employer in this state such retiree shall have benefits actuarially recomputed pursuant to the rules adopted by the department.

NEW SECTION. Sec. 11. DEATH BENEFITS. (1) If a member or a vested member who has not completed at least ten years of service dies, the amount of the

accumulated contributions standing to such member's credit in the retirement system at the time of such member's death shall be paid to such person or persons having an insurable interest in such member's life as the member shall have nominated by written designation duly executed and filed with the department. If there be no such designated person or persons still living at the time of the member's death, such member's accumulated contributions standing to such member's credit in the retirement system shall be paid to the member's surviving spouse as if in fact such spouse had been nominated by written designation, or if there be no such surviving spouse, then to such member's legal representatives.

(2) If a member who is eligible for retirement or a member who has completed at least ten years of service dies, the surviving spouse or eligible child or children shall elect to receive either:

(a) A retirement allowance computed as provided for in section 4(1) of this 1977 amendatory act actuarially adjusted to reflect Option 2 of section 7 of this 1977 amendatory act and if the member was not eligible for normal retirement at the date of death a further reduction as described in section 4(2) of this 1977 amendatory act; if a surviving spouse who is receiving a retirement allowance dies leaving a child or children of the member under the age of majority, then such child or children shall continue to receive an allowance in an amount equal to that which was being received by the surviving spouse, share and share alike, until such child or children reach the age of majority; if there is no surviving spouse eligible to receive an allowance at the time of the member's death, such member's child or children under the age of majority shall receive an allowance share and share alike calculated as herein provided making the assumption that the ages of the spouse and member were equal at the time of the member's death; or

(b) The member's accumulated contributions.

NEW SECTION. Sec. 12. SERVICE CREDIT FOR AUTHORIZED LEAVE OF ABSENCE. A member who is on a paid leave of absence authorized by a member's employer shall continue to receive service credit as provided for under the provisions of sections 2 through 15 of this 1977 amendatory act.

A member shall be eligible to receive a maximum of two years service credit during a member's entire working career for those periods when a member is on an unpaid leave of absence authorized by an employer. Such credit may be obtained only if the member makes both the employer and member contributions plus interest as determined by the department for the period of the authorized leave of absence within five years of resumption of service or prior to retirement whichever comes sooner: PROVIDED, That for the purpose of this subsection the contribution shall not include the contribution for the unfunded supplemental present value as required by section 6 of this 1977 amendatory act. The contributions required shall be based on the average of the member's compensation earnable at both the time the authorized leave of absence was granted and the time the member resumed employment.

A member who is inducted into the armed forces of the United States shall be deemed to be on an unpaid, authorized leave of absence.

NEW SECTION. Sec. 13. VESTED MEMBERSHIP. A member who separates or has separated after having completed at least five years of service may remain a member during the period of such member's absence from service for the

exclusive purpose only of receiving a retirement allowance under the provisions of section 4 of this 1977 amendatory act if such member maintains the member's accumulated contributions intact.

NEW SECTION. Sec. 14. REFUND OF CONTRIBUTIONS. A member who ceases to be an employee of an employer may request a refund of the member's accumulated contributions. The refund shall be made within ninety days following the receipt of the request and notification of termination by the employer; except that in the case of death, an initial payment shall be made within thirty days of receipt of request for such payment. A member who files a request for refund and subsequently enters into employment with another employer prior to the refund being made shall not be eligible for a refund. The refund of accumulated contributions shall terminate all rights to benefits under sections 2 through 15 of this 1977 amendatory act.

NEW SECTION. Sec. 15. REENTRY. A member, who had left service and withdrawn the member's accumulated contributions, shall receive service credit for such prior service if the member restores all withdrawn accumulated contributions together with interest since the time of withdrawal as determined by the department.

The restoration of such funds must be completed within five years of the resumption of service or prior to retirement, whichever occurs first.

Sec. 16. Section 1, chapter 274, Laws of 1947 as last amended by section 2, chapter 190, Laws of 1973 1st ex. sess. and RCW 41.40.010 are each amended to read as follows:

TERMS DEFINED. As used in this chapter, unless a different meaning is plainly required by the context:

(1) "Retirement system" means the public employees' retirement system provided for in this chapter.

(2) "Retirement board" means the board provided for in this chapter and chapter 41.26 RCW (~~to administer said retirement system~~).

(3) "State treasurer" means the treasurer of the state of Washington.

(4) (a) "Employer" for persons who establish membership in the retirement system on or before September 30, 1977, means every branch, department, agency, commission, board, and office of the state, any political subdivision or association of political subdivisions of the state admitted into the retirement system, and legal entities authorized by RCW 36.70.060 and 35.63.070 or chapter 39.34 RCW as now or hereafter amended; and the term shall also include any labor guild, association, or organization the membership of a local lodge or division of which is comprised of at least forty percent employees of an employer (other than such labor guild, association, or organization) within this chapter. The term may also include any city of the first class that has its own retirement system.

(b) "Employer" for persons who establish membership in the retirement system on or after October 1, 1977, means every branch, department, agency, commission, board, and office of the state, and any political subdivision and municipal corporation of the state admitted into the retirement system, including public agencies created pursuant to RCW 36.70.060, 35.63.070, and 39.34.030.

(5) "Member" means any employee included in the membership of the retirement system, as provided for in RCW 41.40.120.

(6) "Original member" of this retirement system means:

(a) Any person who became a member of the system prior to April 1, 1949;

(b) Any person who becomes a member through the admission of an employer into the retirement system on and after April 1, 1949, and prior to April 1, 1951;

(c) Any person who first becomes a member by securing employment with an employer prior to April 1, 1951, provided he has rendered at least one or more years of service to any employer prior to October 1, 1947;

(d) Any person who first becomes a member through the admission of an employer into the retirement system on or after April 1, 1951, provided, such person has been in the regular employ of the employer for at least six months of the twelve-month period preceding the said admission date;

(e) Any member who has restored all his contributions that may have been withdrawn by him as provided by RCW 41.40.150 and who on the effective date of his retirement becomes entitled to be credited with ten years or more of membership service except that the provisions relating to the minimum amount of retirement allowance for the member upon retirement at age seventy as found in RCW 41.40.190(4) shall not apply to the member;

(f) Any member who has been a contributor under the system for two or more years and who has restored all his contributions that may have been withdrawn by him as provided by RCW 41.40.150 and who on the effective date of his retirement has rendered five or more years of service for the state or any political subdivision prior to the time of the admission of the employer into the system; except that the provisions relating to the minimum amount of retirement allowance for the member upon retirement at age seventy as found in RCW 41.40.190(4) shall not apply to the member.

(7) "New member" means a person who becomes a member on or after April 1, 1949, except as otherwise provided in this section.

(8) (a) "Compensation earnable" for persons who establish membership in the retirement system on or before September 30, 1977, means salaries or wages earned during a payroll period for personal services and where the compensation is not all paid in money maintenance compensation shall be included upon the basis of the schedules established by the member's employer: PROVIDED, That if a leave of absence is taken by an individual for the purpose of serving in the state legislature, the salary which would have been received for the position from which the leave of absence was taken, shall be considered as compensation earnable if the employee's contribution is paid by the employee and the employer's contribution is paid by the employer or employee.

(b) "Compensation earnable" for persons who establish membership in the retirement system on or after October 1, 1977, means salaries or wages earned by a member during a payroll period for personal services, including overtime payments, as reported by the employer on the wage and tax statement submitted to the federal internal revenue service, but shall exclude nonmoney maintenance compensation and lump sum payments for deferred annual sick leave, unused accumulated

vacation, unused accumulated annual leave, or any form of severance pay: PROVIDED, That in any year in which a member serves in the legislature such member's compensation earnable shall be the greater of:

(i) the compensation earnable the member would have received had such member not served in the legislature; or

(ii) such member's actual compensation earnable received for nonlegislative public employment and legislative service combined. Any additional contributions to the retirement system required because compensation earnable under subparagraph (i) of this subsection is greater than compensation earnable under subparagraph (ii) of this subsection shall be paid by the member for both member and employer contributions.

(9) (a) "Service" for persons who establish membership in the retirement system on or before September 30, 1977, means periods of employment rendered to any employer for which compensation is paid, and includes time spent in office as an elected or appointed official of an employer. Full time work for ten days or more or an equivalent period of work in any given calendar month shall constitute one month of service. Only months of service shall be counted in the computation of any retirement allowance or other benefit provided for in this chapter. Years of service shall be determined by dividing the total number of months of service by twelve. Any fraction of a year of service as so determined shall be taken into account in the computation of such retirement allowance or benefits. Service by a state employee officially assigned by the state on a temporary basis to assist another public agency, shall be considered as service as a state employee: PROVIDED, That service to any other public agency shall not be considered service as a state employee if such service has been used to establish benefits in any other public retirement system: PROVIDED FURTHER, That where an individual is employed by two employers he shall only receive a total of twelve months of service credit during any calendar year.

(b) "Service" for persons who establish membership in the retirement system on or after October 1, 1977, means periods of employment by a member for one or more employers for which compensation earnable is earned for ninety or more hours per calendar month.

Years of service shall be determined by dividing the total number of months of service by twelve. Any fraction of a year of service as so determined shall be taken into account in the computation of such retirement allowance or benefits.

Members employed by school districts, the state school for the blind, the state school for the deaf, institutions of higher education, or community colleges shall receive twelve months of service for each contract year or school year of employment.

Service in any state elective position shall be deemed to be full time service, except that persons serving in state elective positions who are members of the teachers' retirement system or law enforcement officers' and fire fighters' retirement system at the time of election or appointment to such position may elect to continue membership in the teachers' retirement system or law enforcement officers' and fire fighters' retirement system.

If a member receives compensation earnable from two or more employers during any calendar year such member shall receive a total of not more than twelve months of service for such calendar year.

(10) "Prior service" means all service of an original member rendered to any employer prior to October 1, 1947.

(11) "Membership service" means:

(a) All service rendered, as a member, after October 1, 1947;

(b) All service after October 1, 1947, to any employer prior to the time of its admission into the retirement system: PROVIDED, That an amount equal to the employer and employee contributions which would have been paid to the retirement system on account of such service shall have been paid to the retirement system with interest (as computed by the retirement board) on the employee's portion prior to retirement of such person, by the employee or his employer, except as qualified by RCW 41.40.120;

(c) Service not to exceed six consecutive months of probationary service rendered after April 1, 1949, and prior to becoming a member, in the case of any member, upon payment in full by such member, prior to July 1, 1974 of the total amount of the employer's contribution to the retirement fund which would have been required under the law in effect when such probationary service was rendered if the member had been a member during such period.

(d) Service not to exceed six consecutive months of probationary service, rendered after October 1, 1947, and before April 1, 1949, and prior to becoming a member, in the case of any member, upon payment in full by such member prior to July 1, 1974, of five percent of such member's salary during said period of probationary service.

(12) (a) "Beneficiary" for persons who establish membership in the retirement system on or before September 30, 1977, means any person in receipt of a retirement allowance, pension or other benefit provided by this chapter.

(b) "Beneficiary" for persons who establish membership in the retirement system on or after October 1, 1977, means any person in receipt of a retirement allowance or other benefit provided by this chapter resulting from service rendered to an employer by another person.

(13) "Regular interest" means such rate as the ((retirement board)) department may determine.

(14) "Accumulated contributions" means the sum of all contributions standing to the credit of a member in his individual account together with the regular interest thereon.

(15) (a) "Average final compensation" for persons who establish membership in the retirement system on or before September 30, 1977, means the annual average of the greatest compensation earnable by a member during any consecutive two year period of service for which service credit is allowed; or if he has less than two years of service then the annual average compensation earnable during his total years of service for which service credit is allowed.

(b) "Average final compensation" for persons who establish membership in the retirement system on or after October 1, 1977, means the member's average compensation earnable of the highest consecutive sixty months of service prior to such

member's retirement, termination, or death. Periods constituting authorized leaves of absence may not be used in the calculation of average final compensation.

(16) "Final compensation" means the annual rate of compensation earnable by a member at the time of termination of his employment.

(17) "Annuity" means payments for life derived from accumulated contributions of a member. All annuities shall be paid in monthly installments.

(18) "Pension" means payments for life derived from contributions made by the employer. All pensions shall be paid in monthly installments.

(19) "Retirement allowance" means the sum of the annuity and the pension.

(20) "Employee" means any person who may become eligible for membership under this chapter, as set forth in RCW 41.40.120.

(21) "Actuarial equivalent" means a benefit of equal value when computed upon the basis of such mortality and other tables as may be adopted by the retirement board.

(22) "Retirement" means withdrawal from active service with a retirement allowance as provided by this chapter.

(23) "Eligible position" means:

(a) Any position which normally requires five or more uninterrupted months of service a year for which regular compensation is paid to the occupant thereof;

(b) Any position occupied by an elected official or person appointed directly by the governor for which compensation is paid.

(24) "Ineligible position" means any position which does not conform with the requirements set forth in subdivision (23).

(25) "Leave of absence" means the period of time a member is authorized by the employer to be absent from service without being separated from membership.

(26) "Totally incapacitated for duty" means total inability to perform the duties of a member's employment or office or any other work for which the member is qualified by training or experience.

(27) "Retiree" for persons who establish membership in the retirement system on or after October 1, 1977, means any member in receipt of a retirement allowance or other benefit provided by this chapter resulting from service rendered to an employer by such member.

(28) "Department" means the department of retirement systems created in chapter 41.50 RCW.

(29) "Director" means the director of the department.

(30) "State elective position" means any position held by any person elected or appointed to state-wide office or elected or appointed as a member of the legislature.

(31) "State actuary" means the person appointed pursuant to RCW 44.44.010(2).

Sec. 17. Section 4, chapter 34, Laws of 1975-'76 2nd ex. sess. and RCW 41.40.165 are each amended to read as follows:

No person appointed to membership on any committee, board, or commission on or after July 1, 1976, who is compensated for service on such committee, board, or commission for less than ten days or seventy hours in any month, whichever amount is less, shall receive service credit for such service for that month: PROVIDED, That on and after October 1, 1977, appointive and elective officials who

receive monthly compensation earnable from an employer in an amount equal to or less than ninety times the state minimum hourly wage shall not receive any service credit for such employment.

Sec. 18. Section 35, chapter 274, Laws of 1947 and RCW 41.40.340 are each amended to read as follows:

The deductions from the compensation of members, provided for in RCW 41.40.330 or section 6 of this 1977 amendatory act, shall be made notwithstanding that the minimum compensation provided for by law for any member shall be reduced thereby. Every member shall be deemed to consent and agree to the deductions made and provided for in this chapter and shall receipt in full for his salary or compensation, and payment less said deductions shall be a full and complete discharge and acquittance of all claims and demands whatsoever for the services rendered by such person during the period covered by such payment, except as to benefits provided for under this chapter.

Sec. 19. Section 36, chapter 274, Laws of 1947 and RCW 41.40.350 are each amended to read as follows:

The ~~((officer))~~ person responsible for making up the payroll shall transmit promptly to the ~~((retirement board))~~ department at the end of each and every payroll period a copy of the original payroll voucher or such other payroll report as the ~~((retirement board))~~ department may require showing thereon all deductions for the retirement system made from the ~~((salary))~~ compensation earnable of each member, together with warrants or checks covering the total of such deductions. The ~~((retirement board))~~ department after making a record of all such receipts shall pay them to the state treasurer for use according to the provisions of this chapter.

Sec. 20. Section 38, chapter 274, Laws of 1947 as last amended by section 1, chapter 126, Laws of 1963 and RCW 41.40.370 are each amended to read as follows:

(1) The ~~((retirement board))~~ department shall ascertain and report to each employer the amount it shall provide for pension benefits for the ensuing biennium or fiscal year whichever is applicable to the said employer's operations. The amount to be so provided shall be computed by applying the rates of contribution as established by RCW 41.40.361 or section 6 of this 1977 amendatory act to an estimate of the total compensation earnable of all the said employer's members during the period for which provision is to be made.

(2) Beginning April 1, 1949, or October 1, 1977, as the case may be, the amount to be collected as the employer's contribution for pension benefits shall be computed by applying the applicable rates established by RCW 41.40.361 or section 6 of this 1977 amendatory act to the total compensation earnable of employer's members as shown on the current payrolls of the said employer. The ~~((retirement board))~~ department shall bill each said employer at the end of each month for the amount due for that month and the same shall be paid as are its other obligations: PROVIDED, That the ~~((retirement board))~~ department may, at its discretion, establish a system of billing based upon calendar year quarters in which event the said billing shall be at the end of each such quarter and shall be based upon the employer's payrolls for that quarter.

(3) In the event of failure, for any reason, of an employer other than a political subdivision of the state to have remitted amounts due for membership service of any of the employer's members rendered during a prior biennium, the ~~((retirement board))~~ department shall bill such employer through the ~~((budget))~~ director of the office of program planning and fiscal management for such employer's contribution. Such billing shall be paid by the employer as, and the same shall be, a proper charge against any moneys available or appropriated to such employer for payment of current biennial payrolls. If any such employer shall fail or refuse to honor such a billing, the ~~((budget))~~ director of the office of program planning and fiscal management shall cause the same to be paid from any funds appropriated to the ~~((budget))~~ director of the office of program planning and fiscal management for such purposes.

NEW SECTION. Sec. 21. There is added to chapter 41.40 RCW a new section to read as follows:

The provisions of the following sections of this chapter shall apply only to persons who establish membership in the retirement system on or before September 30, 1977: RCW 41.40.150, 41.40.160, 41.40.170, 41.40.180, 41.40.185, 41.40.190, 41.40.193, 41.40.195, 41.40.200, 41.40.210, 41.40.220, 41.40.230, 41.40.235, 41.40.250, 41.40.260, 41.40.280, 41.40.300, 41.40.310, 41.40.320, and 41.40.330.

NEW SECTION. Sec. 22. Section headings used in this 1977 amendatory act shall not constitute any part of the law.

NEW SECTION. Sec. 23. Sections 1 through 15 of this 1977 amendatory act shall be added to chapter 41.40 RCW and shall be codified as consecutive sections of the Revised Code of Washington within such chapter.

NEW SECTION. Sec. 24. If any provision of this 1977 amendatory act, or its application to any person or circumstance is held invalid, the remainder of the act, or the application of the provision to other persons or circumstances is not affected.

NEW SECTION. Sec. 25. This 1977 amendatory act is necessary for the immediate preservation of the public peace, health, and safety, the support of the state government and its existing public institutions, and shall take effect October 1, 1977.

Passed the House June 17, 1977.

Passed the Senate June 17, 1977.

Approved by the Governor June 18, 1977.

Filed in Office of Secretary of State June 18, 1977.

CHAPTER 296

[Substitute House Bill No. 105]

ECONOMIC ASSISTANCE ACT—'ELIGIBLE INVESTMENT PROJECT'; CRITERIA

AN ACT Relating to economic development; and amending section 13, chapter 117, Laws of 1972 ex. sess. and RCW 43.31A.130.

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

Section 1. Section 13, chapter 117, Laws of 1972 ex. sess. and RCW 43.31A-.130 are each amended to read as follows: