

NEW SECTION. Sec. 605. Part, subpart, and section headings and the index as used in this act do not constitute any part of the law.

NEW SECTION. Sec. 606. If any provision of this 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. 607. This act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and shall take effect immediately, except:

- (1) Sections 502 and 504 of this act shall take effect June 1, 1989; and
- (2) Sections 229 through 233, 501, 503, and 505 through 509 of this act shall take effect July 1, 1989.

Passed the House April 22, 1989.

Passed the Senate April 22, 1989.

Approved by the Governor May 7, 1989, with the exception of certain items which were vetoed.

Filed in Office of Secretary of State May 7, 1989.

Note: Governor's explanation of partial veto is as follows:

"I am returning herewith, without my approval as to section 107, Engrossed Second Substitute House Bill No. 1793 entitled:

"AN ACT Relating to alcohol and controlled substances abuse."

This omnibus bill represents a major accomplishment by the Legislature in working to address the serious and pressing issue of substance abuse in our state and society. The Legislature is to be commended for its efforts to address this issue in a comprehensive fashion. It also contains the essence of five Governor-request bills which address this issue.

Section 107 of the bill would prohibit and force closure of needle exchange programs, currently operating in Tacoma and Seattle which are a means to reduce HIV/AIDS transmission and encourage treatment referral. These model programs have received national attention for their innovative and credible management of the needle exchange. Both programs are operated and strictly controlled by local public health authorities and are structured to accommodate maximum research benefit. I do not condone use of illegal drugs or their taking by intravenous means. The reality is that these programs have very little potential for encouraging more illegal drug use but a very high potential for limiting the spread of serious and deadly diseases which impact not only the persons involved but others. For both humane and economic reasons, we must do everything we can to halt the spread of AIDS.

With the exception of section 107, Engrossed Second Substitute House Bill No. 1793 is approved."

CHAPTER 272

[Substitute House Bill No. 1322]

PUBLIC EMPLOYEES' AND TEACHERS' RETIREMENT SYSTEMS—COST OF LIVING ADJUSTMENTS

AN ACT Relating to cost-of-living adjustments for members of the public employees' and teachers' retirement systems; amending RCW 41.32.005, 41.32.485, 41.32.487, 41.40.005,

41.40.198, and 41.40.1981; adding a new section to chapter 41.40 RCW; adding a new section to chapter 41.32 RCW; creating a new section; and declaring an emergency.

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

NEW SECTION. Sec. 1. The legislature recognizes that inflation erodes the purchasing power of retirement benefits. Although the benefit provided to state retirees from social security is fully protected, the benefits provided by the public employees' retirement system, plan I, and the teachers' retirement system, plan I provide an automatic cost-of-living adjustment only for persons who receive the minimum benefit.

The purpose of this act is to add provisions to the teachers' retirement system and the public employees' retirement system which will help mitigate the impact of inflation on retirees of those systems. These additional provisions are intended to reflect and implement the following policies:

(1) The minimum benefit is increased in order to provide a more adequate basic standard of living to persons who retired long ago under lower salaries and less generous retirement benefit formulas; and

(2) Retirees whose benefits have lost forty percent of their purchasing power are made eligible for automatic adjustments which are provided in a manner that is consistent with the retirement age and benefit provisions of plan II of the teachers' retirement system and the public employees' retirement system.

NEW SECTION. Sec. 2. A new section is added to chapter 41.40 RCW to read as follows:

(1) Beginning July 1, 1989, and every year thereafter, the department shall determine the following information for each retired member or beneficiary who is over the age of sixty-five:

(a) The dollar amount of the retirement allowance received by the retiree at age sixty-five, to be known for the purposes of this section as the "age sixty-five allowance";

(b) The index for the calendar year prior to the year that the retiree reached age sixty-five, to be known for purposes of this section as "index A";

(c) The index for the calendar year prior to the date of determination, to be known for purposes of this section as "index B";

(d) The ratio obtained when index B is divided by index A, to be known for the purposes of this section as the "full purchasing power ratio"; and

(e) The value obtained when the retiree's age sixty-five allowance is multiplied by sixty percent of the retiree's full purchasing power ratio, to be known for the purposes of this section as the "target benefit."

(2) Beginning with the July payment, the retiree's age sixty-five allowance shall be adjusted to be equal to the retiree's target benefit. In no event, however, shall the adjusted allowance:

(a) Be smaller than the retirement allowance received without the adjustment; nor

(b) Differ from the previous year's allowance by more than three percent.

(3) For members who retire after age sixty-five, the age sixty-five allowance shall be the initial retirement allowance received by the member.

(4) For beneficiaries of members who die prior to age sixty-five: (a) The age sixty-five allowance shall be the allowance received by the beneficiary on the date the member would have turned age sixty-five; and (b) index A shall be the index for the calendar year prior to the year the member would have turned age sixty-five.

(5) Where the pension payable to a beneficiary was adjusted at the time the benefit commenced, the benefit provided by this section shall be adjusted in a manner consistent with the adjustment made to the beneficiary's pension.

(6) For the purposes of this section:

(a) "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;

(b) "Retired member" or "retiree" means any member who has retired for service or because of duty or nonduty disability, or the surviving beneficiary of such a member.

NEW SECTION. Sec. 3. A new section is added to chapter 41.32 RCW to read as follows:

(1) Beginning July 1, 1989, and every year thereafter, the department shall determine the following information for each retired member or beneficiary who is over the age of sixty-five:

(a) The dollar amount of the retirement allowance received by the retiree at age sixty-five, to be known for the purposes of this section as the "age sixty-five allowance";

(b) The index for the calendar year prior to the year that the retiree reached age sixty-five, to be known for purposes of this section as "index A";

(c) The index for the calendar year prior to the date of determination, to be known for purposes of this section as "index B";

(d) The ratio obtained when index B is divided by index A, to be known for the purposes of this section as the "full purchasing power ratio"; and

(e) The value obtained when the retiree's age sixty-five allowance is multiplied by sixty percent of the retiree's full purchasing power ratio, to be known for the purposes of this section as the "target benefit."

(2) Beginning with the July payment, the retiree's age sixty-five allowance shall be adjusted to be equal to the retiree's target benefit. In no event, however, shall the adjusted allowance:

(a) Be smaller than the retirement allowance received without the adjustment; nor

(b) Differ from the previous year's allowance by more than three percent.

(3) For members who retire after age sixty-five, the age sixty-five allowance shall be the initial retirement allowance received by the member.

(4) For beneficiaries of members who die prior to age sixty-five: (a) The age sixty-five allowance shall be the allowance received by the beneficiary on the date the member would have turned age sixty-five; and (b) index A shall be the index for the calendar year prior to the year the member would have turned age sixty-five.

(5) Where the pension payable to a beneficiary was adjusted at the time the benefit commenced, the benefit provided by this section shall be adjusted in a manner consistent with the adjustment made to the beneficiary's pension.

(6) For the purposes of this section:

(a) "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;

(b) "Retired member" or "retiree" means any member who has retired for service or because of duty or nonduty disability, or the surviving beneficiary of such a member.

Sec. 4. Section 19, chapter 293, Laws of 1977 ex. sess. and RCW 41.32.005 are each amended to read as follows:

The provisions of the following sections of this chapter shall apply only to those persons who establish membership in the retirement system on or before June 30, 1977: RCW 41.32.250, 41.32.260, 41.32.270, 41.32.280, 41.32.290, 41.32.300, 41.32.310, 41.32.320, 41.32.330, 41.32.340, 41.32.350, 41.32.360, 41.32.365, 41.32.366, 41.32.380, 41.32.390, 41.32.430, 41.32.440, 41.32.470, 41.32.480, 41.32.491, 41.32.492, 41.32.493, 41.32.4931, 41.32.4932, 41.32.494, 41.32.4943, 41.32.4944, 41.32.4945, 41.32.497, 41.32.498, 41.32.4982, 41.32.4983, 41.32.499, 41.32.500, 41.32.510, 41.32.520, 41.32.522, 41.32.523, 41.32.530, 41.32.540, 41.32.550, 41.32.560, 41.32.561, 41.32.565, 41.32.567, 41.32.570, section 3 of this act, and 41.32.583.

Sec. 5. Section 2, chapter 96, Laws of 1979 ex. sess. as last amended by section 1, chapter 455, Laws of 1987 and RCW 41.32.485 are each amended to read as follows:

(1) Notwithstanding any provision of law to the contrary, effective July 1, (~~1987~~) 1989, as a cost-of-living adjustment, no beneficiary receiving a

retirement allowance pursuant to this chapter shall receive, as the pension portion of that retirement allowance, less than ~~((thirteen dollars and fifty))~~ fourteen dollars and eighty-two cents per month for each year of service creditable to the person whose service is the basis of the pension. Portions of a year shall be treated as fractions of a year and the decimal equivalent shall be multiplied by ~~((thirteen dollars and fifty))~~ fourteen dollars and eighty-two cents. Where the pension payable was adjusted at the time benefit payments to the beneficiary commenced, the minimum pension provided in this section shall be adjusted in a manner consistent with that adjustment.

(2) Notwithstanding any provision of law to the contrary, effective July 1, 1979, the retirement allowance of each beneficiary who either is receiving benefits pursuant to RCW 41.32.520 or 41.32.550 as of December 31, 1978, or commenced receiving a monthly retirement allowance under this chapter as of a date no later than July 1, 1974, shall be permanently increased by a post-retirement adjustment. This adjustment shall be in lieu of any adjustments provided under RCW 41.32.499(6) as of July 1, 1979, or July 1, 1980, for the affected beneficiaries. Such adjustment shall be calculated as follows:

(a) Retirement allowances to which this subsection and subsection (1) of this section are both applicable shall be determined by first applying subsection (1) and then applying this subsection. The department shall determine the total years of creditable service and the total dollar benefit base accrued as of December 31, 1978, except that this determination shall take into account only those beneficiaries to whom this subsection applies;

(b) The department shall multiply the total benefits determined in (a) of this subsection by six percent and divide the dollar value thus determined by the total service determined in (a) of this subsection. The resultant figure shall then be a post-retirement increase factor which shall be applied as specified in (c) of this subsection;

(c) Each beneficiary to whom this subsection applies shall receive an increase which is the product of the factor determined in (b) of this subsection multiplied by the years of creditable service.

(3) The provisions of subsections (1) and (2) of this section shall not be applicable to those receiving benefits pursuant to RCW 41.32.540 or 41.32-.760 through 41.32.825.

Sec. 6. Section 3, chapter 455, Laws of 1987 and RCW 41.32.487 are each amended to read as follows:

Beginning July 1, ~~((1988))~~ 1989, and every year thereafter, the department shall determine the following information for the minimum retirement allowance provided by RCW 41.32.485(1):

(1) The dollar amount of the minimum retirement allowance as of July 1, ~~((1988))~~ 1989, after the increase provided in section 5 of this act;

(2) The index for the ~~((1986))~~ 1987 calendar year, 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 minimum 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 minimum retirement allowance as of July 1, ~~((1987))~~ 1989;

(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.

Sec. 7. Section 21, chapter 295, Laws of 1977 ex. sess. as amended by section 6, chapter 249, Laws of 1979 ex. sess. and RCW 41.40.005 are each amended 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, 41.40.270, 41.40.280, 41.40.300, 41.40.310, 41.40.320, section 2 of this act, and 41.40.330.

Sec. 8. Section 1, chapter 96, Laws of 1979 ex. sess. as last amended by section 2, chapter 455, Laws of 1987 and RCW 41.40.198 are each amended to read as follows:

(1) Notwithstanding any provision of law to the contrary, effective July 1, ~~((1987))~~ 1989, as a cost-of-living adjustment, no beneficiary receiving a retirement allowance pursuant to this chapter shall receive, as the pension portion of that retirement allowance, less than ~~((thirteen dollars and fifty))~~ fourteen dollars and eighty-two cents per month for each year of service creditable to the person whose service is the basis of the pension. Portions of a year shall be treated as fractions of a year and the decimal equivalent shall be multiplied by ~~((thirteen dollars and fifty))~~ fourteen dollars and eighty-two cents. Where the pension payable was adjusted at the time benefit payments to the beneficiary commenced, the minimum pension provided in this section shall be adjusted in a manner consistent with that adjustment.

(2) The provisions of subsection (1) of this section shall not be applicable to those receiving benefits pursuant to RCW 41.40.220(1), 41.44.170(5), or 41.40.610 through 41.40.740. For persons who served as

elected officials and whose accumulated employee contributions and credited interest was less than seven hundred fifty dollars at the time of retirement, the minimum benefit under subsection (1) of this section shall be ten dollars per month for each year of creditable service.

Sec. 9. Section 4, chapter 455, Laws of 1987 and RCW 41.40.1981 are each amended to read as follows:

Beginning July 1, (~~(1988)~~) 1989, and every year thereafter, the department shall determine the following information for the minimum retirement allowance provided by RCW 41.40.198(1):

(1) The dollar amount of the minimum retirement allowance as of July 1, (~~(1988)~~) 1989, after the increase provided in section 8 of this act;

(2) The index for the (~~(1986)~~) 1987 calendar year, 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 minimum 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 minimum retirement allowance as of July 1, (~~(1987)~~) 1988;

(b) Exceed three percent in the initial annual adjustment; or

(c) Differ from the previous year's annual adjustment by more than three percent.

Persons who served as elected officials and whose accumulated employee contributions and credited interest were less than seven hundred fifty dollars at the time of retirement shall not receive the benefit provided by this section.

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. 10. This act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and shall take effect immediately.

Passed the House March 7, 1989.

Passed the Senate April 6, 1989.

Approved by the Governor May 8, 1989.

Filed in Office of Secretary of State May 8, 1989.