
HOUSE BILL 1374

State of Washington

62nd Legislature

2011 Regular Session

By Representatives Hurst, Dammeier, Finn, McCune, and Johnson

Read first time 01/20/11. Referred to Committee on State Government & Tribal Affairs.

1 AN ACT Relating to state agency debt collection; amending RCW
2 41.40.037; adding a new section to chapter 43.17 RCW; and adding a new
3 section to chapter 41.40 RCW.

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

5 NEW SECTION. **Sec. 1.** A new section is added to chapter 43.17 RCW
6 to read as follows:

7 (1) All state agencies and institutions shall assign all debts over
8 ninety days past due to a collection agency licensed under chapter
9 19.16 RCW.

10 (2) State agencies and institutions contracting for debt collection
11 services under this section must give preference to businesses that
12 have hired state employees displaced by this section. The department
13 of general administration shall develop a process to certify which
14 businesses meet this requirement.

15 (3) Any state employee whose position is displaced as a result of
16 this section shall be eligible for placement on the statewide layoff
17 list for employment by other state agencies. A state employee whose
18 position is displaced as a result of this section and who is not

1 offered employment with the state within ninety days of termination
2 shall receive a severance payment equal to six months of the employee's
3 regular rate of pay at the time of termination.

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

6 (1) A member whose position was displaced as a result of section 1
7 of this act after having first earned fifteen years of service credit
8 while working for the state and who is eligible to retire under RCW
9 41.40.180, 41.40.630, or 41.40.820 may, at the time of filing a written
10 application for retirement with the department, apply to the department
11 for up to five years of additional service credit, subject to the
12 restrictions in this section.

13 (2) A member qualifying for service credit under subsection (1) of
14 this section shall receive additional service credit in the amount of
15 five years, to be reduced by one service credit month for every month
16 of employment that the member works for an employer during the five
17 year period immediately following the displacement of the member's job
18 as a result of section 1 of this act. The additional service credit
19 granted to a member under this section shall be provided at no cost to
20 the member.

21 (3) Under no circumstances may a member receive more than five
22 years of additional service credit as a result of credit granted under
23 this section and the provisions of RCW 41.40.034. Additional service
24 credit received under this section is not membership service and shall
25 be used exclusively to increase the value of the member's retirement
26 allowance.

27 **Sec. 3.** RCW 41.40.037 and 2007 c 50 s 5 are each amended to read
28 as follows:

29 (1)(a) If a retiree enters employment with an employer sooner than
30 one calendar month after his or her accrual date, the retiree's monthly
31 retirement allowance will be reduced by five and one-half percent for
32 every eight hours worked during that month. This reduction will be
33 applied each month until the retiree remains absent from employment
34 with an employer for one full calendar month.

35 (b) The benefit reduction provided in (a) of this subsection will

1 accrue for a maximum of one hundred sixty hours per month. Any benefit
2 reduction over one hundred percent will be applied to the benefit the
3 retiree is eligible to receive in subsequent months.

4 (2)(a) Except as provided in (b) of this subsection, a retiree from
5 plan 1 who enters employment with an employer at least one calendar
6 month after his or her accrual date may continue to receive pension
7 payments while engaged in such service for up to eight hundred sixty-
8 seven hours of service in a calendar year without a reduction of
9 pension.

10 (b) A retiree from plan 1 who enters employment with an employer at
11 least three calendar months after his or her accrual date and:

12 (i) Is hired pursuant to a written policy into a position for which
13 the employer has documented a justifiable need to hire a retiree into
14 the position;

15 (ii) Is hired through the established process for the position with
16 the approval of: A school board for a school district; the chief
17 executive officer of a state agency employer; the secretary of the
18 senate for the senate; the chief clerk of the house of representatives
19 for the house of representatives; the secretary of the senate and the
20 chief clerk of the house of representatives jointly for the joint
21 legislative audit and review committee, the select committee on pension
22 policy, the legislative evaluation and accountability program, the
23 legislative systems committee, and the statute law committee; or
24 according to rules adopted for the rehiring of retired plan 1 members
25 for a local government employer;

26 (iii) The employer retains records of the procedures followed and
27 decisions made in hiring the retiree, and provides those records in the
28 event of an audit; and

29 (iv) The employee has not already either:

30 (A) Rendered a cumulative total of more than one thousand nine
31 hundred hours of service while in receipt of pension payments beyond an
32 annual threshold of eight hundred sixty-seven hours; or

33 (B) Received additional service credit under section 2 of this act
34 within the previous five years;

35 shall cease to receive pension payments while engaged in that service
36 after the retiree has rendered service for more than one thousand five
37 hundred hours in a calendar year. The one thousand nine hundred hour
38 cumulative total under this subsection applies prospectively to those

1 retiring after July 27, 2003, and retroactively to those who retired
2 prior to July 27, 2003, and shall be calculated from the date of
3 retirement.

4 (c) When a plan 1 member renders service beyond eight hundred
5 sixty-seven hours, the department shall collect from the employer the
6 applicable employer retirement contributions for the entire duration of
7 the member's employment during that calendar year.

8 (d) A retiree from plan 2 or plan 3 who has satisfied the break in
9 employment requirement of subsection (1) of this section may work up to
10 eight hundred sixty-seven hours in a calendar year in an eligible
11 position, as defined in RCW 41.32.010, 41.35.010, 41.37.010, or
12 41.40.010, or as a firefighter or law enforcement officer, as defined
13 in RCW 41.26.030, without suspension of his or her benefit.

14 (3) If the retiree opts to reestablish membership under RCW
15 41.40.023(12), he or she terminates his or her retirement status and
16 becomes a member. Retirement benefits shall not accrue during the
17 period of membership and the individual shall make contributions and
18 receive membership credit. Such a member shall have the right to again
19 retire if eligible in accordance with RCW 41.40.180. However, if the
20 right to retire is exercised to become effective before the member has
21 rendered two uninterrupted years of service, the retirement formula and
22 survivor options the member had at the time of the member's previous
23 retirement shall be reinstated.

24 (4) The department shall collect and provide the state actuary with
25 information relevant to the use of this section for the select
26 committee on pension policy.

27 (5) The legislature reserves the right to amend or repeal this
28 section in the future and no member or beneficiary has a contractual
29 right to be employed for more than five months in a calendar year
30 without a reduction of his or her pension.

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