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**SENATE BILL 5567**

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**State of Washington**

**68th Legislature**

**2023 Regular Session**

**By** Senators Lovelett and Rivers; by request of Board for Volunteer Fire Fighters

1 AN ACT Relating to splitting the volunteer firefighters' and  
2 reserve officers' relief and pension principal fund into two  
3 accounts; amending RCW 41.24.030, 41.24.030, 41.24.035, 43.84.092,  
4 and 43.84.092; reenacting and amending RCW 41.24.010; adding new  
5 sections to chapter 41.24 RCW; creating new sections; providing an  
6 effective date; providing contingent effective dates; providing an  
7 expiration date; and providing a contingent expiration date.

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

9 NEW SECTION. **Sec. 1.** INTENT. (1) The legislature finds that the  
10 tax deferral of contributions to the volunteer firefighters' and  
11 reserve officers' relief and pension system is contingent on  
12 retaining qualified status with the internal revenue service, and  
13 that the loss of qualified status could potentially result in costly  
14 unintended tax liability for the plan and plan members. The state  
15 board for volunteer firefighters and reserve officers has recently  
16 been alerted by the internal revenue service that the plan is not in  
17 compliance with the rules for qualification because it contains  
18 reserve officer members.

19 (2) To avoid the possible loss of plan qualification while  
20 ensuring both reserve officers and volunteer firefighters receive the  
21 benefits they have been promised, the legislature intends to align

1 the plan with federal requirements by splitting the plan into two  
2 separate plans overseen by the same board. All members and  
3 beneficiaries of each plan should receive the same benefits after the  
4 split that they would have prior to the split.

5 (3) To accomplish the split, the legislature intends for this act  
6 to take the following actions:

7 (a) Reserve officer members, including active, retired, and  
8 beneficiaries of those members, are to be moved to a new reserve  
9 officers' plan, while volunteer firefighters and emergency medical  
10 technicians remain in the existing plan. Both will reside within the  
11 volunteer firefighters' and reserve officers' system and be overseen  
12 by the state board created in RCW 41.24.250; and

13 (b) The principal fund defined in RCW 41.24.010(10) will be split  
14 into two funds; one for each plan. The contributions and earnings  
15 will be split proportionate to the membership of each group.

16 (4) While it is the intent of the legislature that this act be  
17 carried out in a way that avoids any tax consequences for the plan,  
18 members, and beneficiaries, in the event of such consequences the  
19 legislature intends for the plan to absorb the cost of those tax  
20 consequences so that the members and beneficiaries are not negatively  
21 impacted.

22 NEW SECTION. **Sec. 2.** A new section is added to chapter 41.24  
23 RCW to read as follows:

24 (1) Any tax liability accruing to members or beneficiaries of a  
25 plan that results directly from chapter . . ., Laws of 2023 (this  
26 act) will be paid by the appropriate principal funds.

27 (2) The state board may by rule establish a process that ensures  
28 tax penalties are paid by the principal fund for the appropriate  
29 plan. This process should be designed in coordination with tax  
30 counsel to ensure that any claims are valid, and that members and  
31 beneficiaries are impacted as little as reasonably possible.

32 NEW SECTION. **Sec. 3.** (1) The principal fund defined in RCW  
33 41.24.010(10) is hereby split into two funds:

34 (a) The volunteer firefighters' principal fund for the volunteer  
35 firefighters' plan; and

36 (b) The reserve officers' principal fund for the reserve  
37 officers' plan.

1 (2) The state board for volunteer firefighters and reserve  
2 officers shall transfer from the volunteer firefighters' principal  
3 fund to the reserve officers' principal fund an amount of assets  
4 proportionate to the members being transferred to the new reserve  
5 officers' plan.

6 NEW SECTION. **Sec. 4.** A new section is added to chapter 41.24  
7 RCW to read as follows:

8 The state board is instructed to administer chapter . . . , Laws  
9 of 2023 (this act) in a way that neither reduces benefits, nor grants  
10 additional benefits, for members or beneficiaries of the plan.

11 **Sec. 5.** RCW 41.24.010 and 2010 c 60 s 2 are each reenacted and  
12 amended to read as follows:

13 The definitions in this section apply throughout this chapter  
14 unless the context clearly requires otherwise.

15 (1) "Administrative fund" means the volunteer firefighters' and  
16 reserve officers' administrative fund created under RCW 41.24.030.

17 (2) "Appropriate legislation" means an ordinance when an  
18 ordinance is the means of legislating by any municipality, and  
19 resolution in all other cases.

20 (3) "Board of trustees" or "local board" means: (a) For matters  
21 affecting firefighters, a firefighter board of trustees created under  
22 RCW 41.24.060; (b) for matters affecting an emergency worker, an  
23 emergency medical service district board of trustees created under  
24 RCW 41.24.330; or (c) for matters affecting reserve officers, a  
25 reserve officer board of trustees created under RCW 41.24.460.

26 (4) "Emergency worker" means any emergency medical service  
27 personnel, regulated by chapters 18.71 and 18.73 RCW, who is a member  
28 of an emergency medical service district but shall not include  
29 emergency medical service personnel who are eligible for  
30 participation in the Washington public employees' retirement system,  
31 with respect to periods of service rendered in such capacity.

32 (5) "Fire department" means any regularly organized fire  
33 department or emergency medical service district consisting wholly of  
34 volunteer firefighters, or any part-paid and part-volunteer fire  
35 department duly organized and maintained by any municipality:  
36 PROVIDED, That any such municipality wherein a part-paid fire  
37 department is maintained may by appropriate legislation permit the

1 full-paid members of its department to come under the provisions of  
2 chapter 41.16 RCW.

3 (6) "Firefighter" includes any firefighter or emergency worker  
4 who is a member of any fire department of any municipality but shall  
5 not include firefighters who are eligible for participation in the  
6 Washington law enforcement officers' and firefighters' retirement  
7 system or the Washington public employees' retirement system, with  
8 respect to periods of service rendered in such capacity.

9 (7) "Municipal corporation" or "municipality" includes any  
10 county, city, town or combination thereof, fire protection district,  
11 local law enforcement agency, or any emergency medical service  
12 district or other special district, authorized by law to protect life  
13 or property within its boundaries through a fire department,  
14 emergency workers, or reserve officers.

15 (8) "Participant" means:

16 (a) For the volunteer firefighters' plan:

17 (i) For purposes of relief, (~~any reserve officer who is or may~~  
18 ~~become eligible for relief under this chapter or~~) any firefighter or  
19 emergency worker; and (~~(b)~~)

20 (ii) For purposes of retirement pension, any firefighter(~~(r)~~) or  
21 emergency worker(~~(r or reserve officer)~~) who is or may become  
22 eligible to receive a benefit of any type under the retirement  
23 provisions of this chapter, or whose beneficiary may be eligible to  
24 receive any such benefit; and

25 (b) For the reserve officers' plan:

26 (i) For purposes of relief, any reserve officer who is or may  
27 become eligible for relief under this chapter; and

28 (ii) For purposes of retirement pension, any reserve officer who  
29 is or may become eligible to receive a benefit of any type under the  
30 retirement provisions of this chapter, or whose beneficiary may be  
31 eligible to receive any such benefit.

32 (9) "Performance of duty" or "performance of service" shall be  
33 construed to mean and include any work in and about company quarters,  
34 any fire station, any law enforcement office or precinct, or any  
35 other place under the direction or general orders of the chief or  
36 other officer having authority to order such member to perform such  
37 work; performing other officially assigned duties that are secondary  
38 to his or her duties as a firefighter, emergency worker, or reserve  
39 officer such as maintenance, public education, inspections,  
40 investigations, court testimony, and fund-raising for the benefit of

1 the department; being on call or on standby under the orders of the  
2 chief or designated officer of the department, except at the  
3 individual's home or place of business; responding to, working at, or  
4 returning from an alarm of fire, emergency call, or law enforcement  
5 duties; drill or training; or any work performed of an emergency  
6 nature in accordance with the rules and regulations of the fire  
7 department or local law enforcement agency.

8 (10) "Principal fund" means either the volunteer firefighters'  
9 (~~and reserve officers'~~) relief and pension principal fund created  
10 under RCW 41.24.030 or the reserve officers' relief and pension  
11 principal fund created in RCW 41.24.030(2).

12 (11) "Relief" means all medical, death, and disability benefits  
13 available under this chapter that are made necessary from death,  
14 sickness, injury, or disability arising in the performance of duty,  
15 including benefits provided under RCW 41.24.110, 41.24.150,  
16 41.24.160, 41.24.175, 41.24.220, and 41.24.230, but does not include  
17 retirement pensions provided under this chapter.

18 (12) "Reserve officer" means the same as defined by the  
19 Washington state criminal justice training commission under chapter  
20 43.101 RCW, but shall not include enforcement officers who are  
21 eligible for participation in the Washington law enforcement  
22 officers' and firefighters' retirement system or the Washington  
23 public employees' retirement system, with respect to periods of  
24 service rendered in such capacity.

25 (13) "Retired participant" means any participant who is at least  
26 sixty-five years of age and has been retired by the board of trustees  
27 under RCW 41.24.170 and has been in receipt of a monthly pension for  
28 no less than three months.

29 (14) "Retirement pension" means retirement payments for the  
30 performance of service, as provided under RCW 41.24.170, 41.24.172,  
31 41.24.175, 41.24.180, and 41.24.185.

32 (15) "State board" means the state board for volunteer  
33 firefighters and reserve officers.

34 **Sec. 6.** RCW 41.24.030 and 2005 c 37 s 2 are each amended to read  
35 as follows:

36 (1) The volunteer firefighters' (~~and reserve officers'~~) relief  
37 and pension principal fund is created in the state treasury as a  
38 trust fund for the benefit of the volunteer firefighter and emergency  
39 worker participants covered by this chapter consisting of:

1 (a) All bequests, fees, gifts, emoluments, or donations given or  
2 paid to the fund((-));

3 (b) An annual fee for each member of its fire department to be  
4 paid by each municipal corporation for the purpose of affording  
5 relief provided in this chapter for firefighters as follows:

6 (i) Thirty dollars for each volunteer or part-paid member of its  
7 fire department;

8 (ii) A sum equal to one and one-half of one percent of the annual  
9 salary attached to the rank of each full-paid member of its fire  
10 department, prorated for 1970 on the basis of services prior to March  
11 1, 1970((-));

12 (c) An annual fee for each emergency worker of an emergency  
13 medical service district paid by the district that is sufficient to  
14 pay the full costs of covering the emergency worker under the relief  
15 provisions of this chapter, including operating expenses. The state  
16 board shall determine the amount of this fee based on the latest  
17 actuarial valuation of the system((-));

18 ~~(d) ((Where a municipal corporation has elected to make relief  
19 provisions of this chapter available to its reserve officers, an  
20 annual fee for each reserve officer paid by the municipal corporation  
21 that is sufficient to pay the full costs of covering the reserve  
22 officer under the relief provisions of this chapter, including  
23 operating expenses. The state board shall determine the amount of  
24 this fee based on the latest actuarial valuation of the system.~~

25 ~~(e))~~ Where a municipal corporation has elected to make the  
26 retirement pension provisions of this chapter available to members of  
27 its fire department, an annual fee of sixty dollars for each of its  
28 firefighters electing to enroll, thirty dollars of which shall be  
29 paid by the municipality and thirty dollars of which shall be paid by  
30 the firefighter. However, nothing in this section prohibits any  
31 municipality from voluntarily paying the firefighters' fee for this  
32 retirement pension coverage((-));

33 ~~((f))~~ (e) Where an emergency medical service district has  
34 elected to make the retirement pension provisions of this chapter  
35 available to its emergency workers, for each emergency worker  
36 electing to enroll: (i) An annual fee of thirty dollars shall be paid  
37 by the emergency worker; and (ii) an annual fee paid by the emergency  
38 medical service district that, together with the thirty dollar fee  
39 per emergency worker, is sufficient to pay the full costs of covering  
40 the emergency worker under the retirement pension benefits provided

1 under this chapter, including operating expenses. The state board  
2 shall determine the amount of this fee based on the latest actuarial  
3 valuation of the system. However, nothing in this section prohibits  
4 any emergency medical service district from voluntarily paying the  
5 emergency workers' fees for this retirement pension coverage~~((-))~~;

6 ~~((g) Where a municipal corporation has elected to make the  
7 retirement pension provisions of this chapter available to its  
8 reserve officers, for each reserve officer electing to enroll: (i) An  
9 annual fee of thirty dollars shall be paid by the reserve officer;  
10 and (ii) an annual fee paid by the municipal corporation that,  
11 together with the thirty dollar fee per reserve officer, is  
12 sufficient to pay the full costs of covering the reserve officer  
13 under the retirement pension benefits provided under this chapter,  
14 including operating expenses. The state board shall determine the  
15 amount of this fee based on the latest actuarial valuation of the  
16 system. However, nothing in this section prohibits any municipal  
17 corporation from voluntarily paying the reserve officers' fees for  
18 this retirement pension coverage.~~

19 ~~(h))~~ (f) Moneys transferred from the administrative fund, as  
20 provided under subsection ~~((4))~~ (5) of this section, which may only  
21 be used to pay relief and retirement pensions for firefighters~~((-))~~;  
22 and

23 ~~((i))~~ (g) Earnings from the investment of moneys in the  
24 volunteer firefighters' principal fund.

25 (2) The reserve officers' relief and pension principal fund is  
26 created in the state treasury as a trust fund for the benefit of the  
27 reserve officer participants covered by this chapter consisting of:

28 (a) All bequests, fees, gifts, emoluments, or donations given or  
29 paid to the fund;

30 (b) Where a municipal corporation has elected to make relief  
31 provisions of this chapter available to its reserve officers, an  
32 annual fee for each reserve officer paid by the municipal corporation  
33 that is sufficient to pay the full costs of covering the reserve  
34 officer under the relief provisions of this chapter, including  
35 operating expenses. The state board shall determine the amount of  
36 this fee based on the latest actuarial valuation of the system;

37 (c) Where a municipal corporation has elected to make the  
38 retirement pension provisions of this chapter available to its  
39 reserve officers, for each reserve officer electing to enroll: (i) An  
40 annual fee of \$30 shall be paid by the reserve officer; and (ii) an

1 annual fee paid by the municipal corporation that, together with the  
2 \$30 fee per reserve officer, is sufficient to pay the full costs of  
3 covering the reserve officer under the retirement pension benefits  
4 provided under this chapter, including operating expenses. The state  
5 board shall determine the amount of this fee based on the latest  
6 actuarial valuation of the system. However, nothing in this section  
7 prohibits any municipal corporation from voluntarily paying the  
8 reserve officers' fees for this retirement pension coverage;

9 (d) Moneys transferred from the administrative fund, as provided  
10 under subsection (5) of this section, which may only be used to pay  
11 relief and retirement pensions for reserve officers; and

12 (e) Earnings from the investment of moneys in the reserve  
13 officers' principal fund.

14 (3)(a) The state investment board, upon request of the state  
15 treasurer shall have full power to invest, reinvest, manage,  
16 contract, sell, commingle, or exchange investments acquired from that  
17 portion of the amounts credited to the principal funds as is not, in  
18 the judgment of the state board, required to meet current  
19 withdrawals. Investments shall be made in the manner prescribed by  
20 RCW 43.84.150 and not otherwise.

21 (b) All bonds, investments, or other obligations purchased by the  
22 state investment board shall be placed in the custody of the state  
23 treasurer, and he or she shall collect the principal thereof and  
24 interest thereon when due.

25 ~~((The state investment board may sell any of the bonds,~~  
26 ~~investments, or obligations so acquired and the proceeds thereof~~  
27 ~~shall be paid to the state treasurer.~~

28 ~~(3))~~ (4)(a) The interest, earnings, and proceeds from the sale  
29 and redemption of any investments held by the principal fund and  
30 invested by the state investment board shall be credited to and form  
31 a part of the principal fund, less the allocation to the state  
32 investment board expense account pursuant to RCW 43.33A.160.

33 (b) Subject to restrictions contained in this chapter, all  
34 amounts credited to the principal fund shall be available for making  
35 the benefit payments required by this chapter. Amounts credited to  
36 each separate principal fund shall only be available to make benefit  
37 payments for the members of that specific principal fund.

38 (c) The state treasurer shall make an annual report showing the  
39 condition of the funds.

1        ~~((4))~~ (5) The volunteer firefighters' and reserve officers'  
2 administrative fund is created in the state treasury. Moneys in the  
3 fund, including unanticipated revenues under RCW 43.79.270, may be  
4 spent only after appropriation, and may be used only for operating  
5 expenses of the volunteer firefighters' ~~((and reserve officers'))~~  
6 relief and pension principal fund, the reserve officers' relief and  
7 pension principal fund, the operating expenses of the volunteer  
8 firefighters' and reserve officers' administrative fund, or for  
9 transfer from the administrative fund to the principal fund.

10        (a) Forty percent of all moneys received by the state from taxes  
11 on fire insurance premiums shall be paid into the state treasury and  
12 credited to the administrative fund.

13        (b) The state board shall compute a percentage of the amounts  
14 credited to the administrative fund to be paid into the principal  
15 fund.

16        (c) For the purpose of providing amounts to be used to defray the  
17 cost of administration of the principal and administrative funds, the  
18 state board shall ascertain at the beginning of each biennium and  
19 request from the legislature an appropriation from the administrative  
20 fund sufficient to cover estimated expenses for the biennium.

21        (6) Pursuant to section 3 of this act, on July 1, 2023, the state  
22 board will transfer an amount of funds from the principal account in  
23 subsection (1) of this section to the new principal account created  
24 in subsection (2) of this section.

25        **Sec. 7.** RCW 41.24.030 and 2020 c 144 s 1 are each amended to  
26 read as follows:

27        (1) The volunteer firefighters' ~~((and reserve officers'))~~ relief  
28 and pension principal fund is created in the state treasury as a  
29 trust fund for the benefit of the volunteer firefighter and emergency  
30 worker participants covered by this chapter consisting of:

31        (a) All bequests, fees, gifts, emoluments, or donations given or  
32 paid to the fund~~((-))~~;

33        (b) An annual fee for each member of its fire department to be  
34 paid by each municipal corporation for the purpose of affording  
35 relief provided in this chapter for firefighters as follows:

36        (i) Fifty dollars for each volunteer or part-paid member of its  
37 fire department;

38        (ii) A sum equal to one and one-half of one percent of the annual  
39 salary attached to the rank of each full-paid member of its fire

1 department, prorated for 1970 on the basis of services prior to March  
2 1, 1970(~~(-)~~);

3 (c) An annual fee for each emergency worker of an emergency  
4 medical service district paid by the district that is sufficient to  
5 pay the full costs of covering the emergency worker under the relief  
6 provisions of this chapter, including operating expenses. The state  
7 board shall determine the amount of this fee based on the latest  
8 actuarial valuation of the system(~~(-)~~);

9 ~~(d) ((Where a municipal corporation has elected to make relief  
10 provisions of this chapter available to its reserve officers, an  
11 annual fee for each reserve officer paid by the municipal corporation  
12 that is sufficient to pay the full costs of covering the reserve  
13 officer under the relief provisions of this chapter, including  
14 operating expenses. The state board shall determine the amount of  
15 this fee based on the latest actuarial valuation of the system.~~

16 ~~(e))~~ Where a municipal corporation has elected to make the  
17 retirement pension provisions of this chapter available to members of  
18 its fire department, an annual fee of ninety dollars for each of its  
19 firefighters electing to enroll, forty-five dollars of which shall be  
20 paid by the municipality and forty-five dollars of which shall be  
21 paid by the firefighter. However, nothing in this section prohibits  
22 any municipality from voluntarily paying the firefighters' fee for  
23 this retirement pension coverage(~~(-)~~);

24 ~~((~~(f)~~))~~ (e) Where an emergency medical service district has  
25 elected to make the retirement pension provisions of this chapter  
26 available to its emergency workers, for each emergency worker  
27 electing to enroll: (i) An annual fee of forty-five dollars shall be  
28 paid by the emergency worker; and (ii) an annual fee paid by the  
29 emergency medical service district that, together with the forty-five  
30 dollar fee per emergency worker, is sufficient to pay the full costs  
31 of covering the emergency worker under the retirement pension  
32 benefits provided under this chapter, including operating expenses.  
33 The state board shall determine the amount of this fee based on the  
34 latest actuarial valuation of the system. However, nothing in this  
35 section prohibits any emergency medical service district from  
36 voluntarily paying the emergency workers' fees for this retirement  
37 pension coverage(~~(-)~~);

38 ~~((~~(g)~~ Where a municipal corporation has elected to make the  
39 retirement pension provisions of this chapter available to its  
40 reserve officers, for each reserve officer electing to enroll: (i) An~~

1 ~~annual fee of forty-five dollars shall be paid by the reserve~~  
2 ~~officer; and (ii) an annual fee paid by the municipal corporation~~  
3 ~~that, together with the forty-five dollar fee per reserve officer, is~~  
4 ~~sufficient to pay the full costs of covering the reserve officer~~  
5 ~~under the retirement pension benefits provided under this chapter,~~  
6 ~~including operating expenses. The state board shall determine the~~  
7 ~~amount of this fee based on the latest actuarial valuation of the~~  
8 ~~system. However, nothing in this section prohibits any municipal~~  
9 ~~corporation from voluntarily paying the reserve officers' fees for~~  
10 ~~this retirement pension coverage.~~

11 ~~(h))~~ (f) Moneys transferred from the administrative fund, as  
12 provided under subsection ~~((4))~~ (5) of this section, which may only  
13 be used to pay relief and retirement pensions for firefighters~~((r))~~;  
14 and

15 ~~((i))~~ (g) Earnings from the investment of moneys in the  
16 volunteer firefighters' principal fund.

17 (2) The reserve officers' relief and pension principal fund is  
18 created in the state treasury as a trust fund for the benefit of the  
19 reserve officer participants covered by this chapter consisting of:

20 (a) All bequests, fees, gifts, emoluments, or donations given or  
21 paid to the fund;

22 (b) Where a municipal corporation has elected to make relief  
23 provisions of this chapter available to its reserve officers, an  
24 annual fee for each reserve officer paid by the municipal corporation  
25 that is sufficient to pay the full costs of covering the reserve  
26 officer under the relief provisions of this chapter, including  
27 operating expenses. The state board shall determine the amount of  
28 this fee based on the latest actuarial valuation of the system;

29 (c) Where a municipal corporation has elected to make the  
30 retirement pension provisions of this chapter available to its  
31 reserve officers, for each reserve officer electing to enroll: (i) An  
32 annual fee of \$45 shall be paid by the reserve officer; and (ii) an  
33 annual fee paid by the municipal corporation that, together with the  
34 \$45 fee per reserve officer, is sufficient to pay the full costs of  
35 covering the reserve officer under the retirement pension benefits  
36 provided under this chapter, including operating expenses. The state  
37 board shall determine the amount of this fee based on the latest  
38 actuarial valuation of the system. However, nothing in this section  
39 prohibits any municipal corporation from voluntarily paying the  
40 reserve officers' fees for this retirement pension coverage;

1 (d) Moneys transferred from the administrative fund, as provided  
2 under subsection (5) of this section, which may only be used to pay  
3 relief and retirement pensions for reserve officers; and

4 (e) Earnings from the investment of moneys in the reserve  
5 officers' principal fund.

6 (3)(a) The state investment board, upon request of the state  
7 treasurer shall have full power to invest, reinvest, manage,  
8 contract, sell, comingle, or exchange investments acquired from that  
9 portion of the amounts credited to the principal funds as is not, in  
10 the judgment of the state board, required to meet current  
11 withdrawals. Investments shall be made in the manner prescribed by  
12 RCW 43.84.150 and not otherwise.

13 (b) All bonds, investments, or other obligations purchased by the  
14 state investment board shall be placed in the custody of the state  
15 treasurer, and he or she shall collect the principal thereof and  
16 interest thereon when due.

17 ~~((The state investment board may sell any of the bonds,~~  
18 ~~investments, or obligations so acquired and the proceeds thereof~~  
19 ~~shall be paid to the state treasurer.~~

20 ~~(3))~~ (4)(a) The interest, earnings, and proceeds from the sale  
21 and redemption of any investments held by the principal fund and  
22 invested by the state investment board shall be credited to and form  
23 a part of the principal fund, less the allocation to the state  
24 investment board expense account pursuant to RCW 43.33A.160.

25 (b) Subject to restrictions contained in this chapter, all  
26 amounts credited to the principal fund shall be available for making  
27 the benefit payments required by this chapter. Amounts credited to  
28 each separate principal fund shall only be available to make benefit  
29 payments for the members of that specific principal fund.

30 (c) The state treasurer shall make an annual report showing the  
31 condition of the funds.

32 ~~((4))~~ (5) The volunteer firefighters' and reserve officers'  
33 administrative fund is created in the state treasury. Moneys in the  
34 fund, including unanticipated revenues under RCW 43.79.270, may be  
35 spent only after appropriation, and may be used only for operating  
36 expenses of the volunteer firefighters' ~~((and reserve officers'))~~  
37 relief and pension principal fund, the reserve officers' relief and  
38 pension principal fund, the operating expenses of the volunteer  
39 firefighters' and reserve officers' administrative fund, or for  
40 transfer from the administrative fund to the principal fund.

1 (a) Forty percent of all moneys received by the state from taxes  
2 on fire insurance premiums shall be paid into the state treasury and  
3 credited to the administrative fund.

4 (b) The state board shall compute a percentage of the amounts  
5 credited to the administrative fund to be paid into the principal  
6 fund.

7 (c) For the purpose of providing amounts to be used to defray the  
8 cost of administration of the principal and administrative funds, the  
9 state board shall ascertain at the beginning of each biennium and  
10 request from the legislature an appropriation from the administrative  
11 fund sufficient to cover estimated expenses for the biennium.

12 (6) Pursuant to section 3 of this act, on July 1, 2023, the state  
13 board will transfer an amount of funds from the principal account in  
14 subsection (1) of this section to the new principal account created  
15 in subsection (2) of this section.

16 **Sec. 8.** RCW 41.24.035 and 1999 c 148 s 4 are each amended to  
17 read as follows:

18 (1) The state board is authorized to pay from the earnings of the  
19 principal funds and administrative fund lawful obligations of the  
20 system for legal expenses and medical expenses which expenses are  
21 primarily incurred for the purpose of protecting the principal funds  
22 or are incurred in compliance with statutes governing such funds.

23 (2)(a) The term "legal expense" includes, but is not limited to,  
24 legal services provided through the legal services revolving fund,  
25 fees for expert witnesses, travel expenses, fees for court reporters,  
26 cost of transcript preparation, and reproduction of documents.

27 (b) The term "medical costs" includes, but is not limited to,  
28 expenses for the medical examination or reexamination of members or  
29 retirees, the costs of preparation of medical reports, and fees  
30 charged by medical professionals for attendance at discovery  
31 proceedings or hearings.

32 **Sec. 9.** RCW 43.84.092 and 2022 c 182 s 403 are each amended to  
33 read as follows:

34 (1) All earnings of investments of surplus balances in the state  
35 treasury shall be deposited to the treasury income account, which  
36 account is hereby established in the state treasury.

37 (2) The treasury income account shall be utilized to pay or  
38 receive funds associated with federal programs as required by the

1 federal cash management improvement act of 1990. The treasury income  
2 account is subject in all respects to chapter 43.88 RCW, but no  
3 appropriation is required for refunds or allocations of interest  
4 earnings required by the cash management improvement act. Refunds of  
5 interest to the federal treasury required under the cash management  
6 improvement act fall under RCW 43.88.180 and shall not require  
7 appropriation. The office of financial management shall determine the  
8 amounts due to or from the federal government pursuant to the cash  
9 management improvement act. The office of financial management may  
10 direct transfers of funds between accounts as deemed necessary to  
11 implement the provisions of the cash management improvement act, and  
12 this subsection. Refunds or allocations shall occur prior to the  
13 distributions of earnings set forth in subsection (4) of this  
14 section.

15 (3) Except for the provisions of RCW 43.84.160, the treasury  
16 income account may be utilized for the payment of purchased banking  
17 services on behalf of treasury funds including, but not limited to,  
18 depository, safekeeping, and disbursement functions for the state  
19 treasury and affected state agencies. The treasury income account is  
20 subject in all respects to chapter 43.88 RCW, but no appropriation is  
21 required for payments to financial institutions. Payments shall occur  
22 prior to distribution of earnings set forth in subsection (4) of this  
23 section.

24 (4) Monthly, the state treasurer shall distribute the earnings  
25 credited to the treasury income account. The state treasurer shall  
26 credit the general fund with all the earnings credited to the  
27 treasury income account except:

28 (a) The following accounts and funds shall receive their  
29 proportionate share of earnings based upon each account's and fund's  
30 average daily balance for the period: The abandoned recreational  
31 vehicle disposal account, the aeronautics account, the Alaskan Way  
32 viaduct replacement project account, the ambulance transport fund,  
33 the brownfield redevelopment trust fund account, the budget  
34 stabilization account, the capital vessel replacement account, the  
35 capitol building construction account, the Central Washington  
36 University capital projects account, the charitable, educational,  
37 penal and reformatory institutions account, the Chehalis basin  
38 account, the Chehalis basin taxable account, the cleanup settlement  
39 account, the climate active transportation account, the climate  
40 transit programs account, the Columbia river basin water supply

1 development account, the Columbia river basin taxable bond water  
2 supply development account, the Columbia river basin water supply  
3 revenue recovery account, the common school construction fund, the  
4 community forest trust account, the connecting Washington account,  
5 the county arterial preservation account, the county criminal justice  
6 assistance account, the deferred compensation administrative account,  
7 the deferred compensation principal account, the department of  
8 licensing services account, the department of retirement systems  
9 expense account, the developmental disabilities community services  
10 account, the diesel idle reduction account, the drinking water  
11 assistance account, the administrative subaccount of the drinking  
12 water assistance account, the early learning facilities development  
13 account, the early learning facilities revolving account, the Eastern  
14 Washington University capital projects account, the education  
15 construction fund, the education legacy trust account, the election  
16 account, the electric vehicle account, the energy freedom account,  
17 the energy recovery act account, the essential rail assistance  
18 account, The Evergreen State College capital projects account, the  
19 fair start for kids account, the ferry bond retirement fund, the  
20 fish, wildlife, and conservation account, the freight mobility  
21 investment account, the freight mobility multimodal account, the  
22 grade crossing protective fund, the public health services account,  
23 the state higher education construction account, the higher education  
24 construction account, the higher education retirement plan  
25 supplemental benefit fund, the highway bond retirement fund, the  
26 highway infrastructure account, the highway safety fund, the hospital  
27 safety net assessment fund, the Interstate 405 and state route number  
28 167 express toll lanes account, the judges' retirement account, the  
29 judicial retirement administrative account, the judicial retirement  
30 principal account, the limited fish and wildlife account, the local  
31 leasehold excise tax account, the local real estate excise tax  
32 account, the local sales and use tax account, the marine resources  
33 stewardship trust account, the medical aid account, the money-  
34 purchase retirement savings administrative account, the money-  
35 purchase retirement savings principal account, the motor vehicle  
36 fund, the motorcycle safety education account, the move ahead WA  
37 account, the move ahead WA flexible account, the multimodal  
38 transportation account, the multiuse roadway safety account, the  
39 municipal criminal justice assistance account, the oyster reserve  
40 land account, the pension funding stabilization account, the

1 perpetual surveillance and maintenance account, the pilotage account,  
2 the pollution liability insurance agency underground storage tank  
3 revolving account, the public employees' retirement system plan 1  
4 account, the public employees' retirement system combined plan 2 and  
5 plan 3 account, the public facilities construction loan revolving  
6 account, the public health supplemental account, the public works  
7 assistance account, the Puget Sound capital construction account, the  
8 Puget Sound ferry operations account, the Puget Sound Gateway  
9 facility account, the Puget Sound taxpayer accountability account,  
10 the real estate appraiser commission account, the recreational  
11 vehicle account, the regional mobility grant program account, the  
12 reserve officers' relief and pension principal fund, the resource  
13 management cost account, the rural arterial trust account, the rural  
14 mobility grant program account, the rural Washington loan fund, the  
15 sexual assault prevention and response account, the site closure  
16 account, the skilled nursing facility safety net trust fund, the  
17 small city pavement and sidewalk account, the special category C  
18 account, the special wildlife account, the state investment board  
19 expense account, the state investment board commingled trust fund  
20 accounts, the state patrol highway account, the state reclamation  
21 revolving account, the state route number 520 civil penalties  
22 account, the state route number 520 corridor account, the statewide  
23 broadband account, the statewide tourism marketing account, the  
24 supplemental pension account, the Tacoma Narrows toll bridge account,  
25 the teachers' retirement system plan 1 account, the teachers'  
26 retirement system combined plan 2 and plan 3 account, the tobacco  
27 prevention and control account, the tobacco settlement account, the  
28 toll facility bond retirement account, the transportation 2003  
29 account (nickel account), the transportation equipment fund, the  
30 transportation future funding program account, the transportation  
31 improvement account, the transportation improvement board bond  
32 retirement account, the transportation infrastructure account, the  
33 transportation partnership account, the traumatic brain injury  
34 account, the University of Washington bond retirement fund, the  
35 University of Washington building account, the voluntary cleanup  
36 account, the volunteer firefighters' (~~and reserve officers'~~) relief  
37 and pension principal fund, the volunteer firefighters' and reserve  
38 officers' administrative fund, the vulnerable roadway user education  
39 account, the Washington judicial retirement system account, the  
40 Washington law enforcement officers' and firefighters' system plan 1

1 retirement account, the Washington law enforcement officers' and  
2 firefighters' system plan 2 retirement account, the Washington public  
3 safety employees' plan 2 retirement account, the Washington school  
4 employees' retirement system combined plan 2 and 3 account, the  
5 Washington state patrol retirement account, the Washington State  
6 University building account, the Washington State University bond  
7 retirement fund, the water pollution control revolving administration  
8 account, the water pollution control revolving fund, the Western  
9 Washington University capital projects account, the Yakima integrated  
10 plan implementation account, the Yakima integrated plan  
11 implementation revenue recovery account, and the Yakima integrated  
12 plan implementation taxable bond account. Earnings derived from  
13 investing balances of the agricultural permanent fund, the normal  
14 school permanent fund, the permanent common school fund, the  
15 scientific permanent fund, and the state university permanent fund  
16 shall be allocated to their respective beneficiary accounts.

17 (b) Any state agency that has independent authority over accounts  
18 or funds not statutorily required to be held in the state treasury  
19 that deposits funds into a fund or account in the state treasury  
20 pursuant to an agreement with the office of the state treasurer shall  
21 receive its proportionate share of earnings based upon each account's  
22 or fund's average daily balance for the period.

23 (5) In conformance with Article II, section 37 of the state  
24 Constitution, no treasury accounts or funds shall be allocated  
25 earnings without the specific affirmative directive of this section.

26 **Sec. 10.** RCW 43.84.092 and 2022 c 182 s 404 are each amended to  
27 read as follows:

28 (1) All earnings of investments of surplus balances in the state  
29 treasury shall be deposited to the treasury income account, which  
30 account is hereby established in the state treasury.

31 (2) The treasury income account shall be utilized to pay or  
32 receive funds associated with federal programs as required by the  
33 federal cash management improvement act of 1990. The treasury income  
34 account is subject in all respects to chapter 43.88 RCW, but no  
35 appropriation is required for refunds or allocations of interest  
36 earnings required by the cash management improvement act. Refunds of  
37 interest to the federal treasury required under the cash management  
38 improvement act fall under RCW 43.88.180 and shall not require  
39 appropriation. The office of financial management shall determine the

1 amounts due to or from the federal government pursuant to the cash  
2 management improvement act. The office of financial management may  
3 direct transfers of funds between accounts as deemed necessary to  
4 implement the provisions of the cash management improvement act, and  
5 this subsection. Refunds or allocations shall occur prior to the  
6 distributions of earnings set forth in subsection (4) of this  
7 section.

8 (3) Except for the provisions of RCW 43.84.160, the treasury  
9 income account may be utilized for the payment of purchased banking  
10 services on behalf of treasury funds including, but not limited to,  
11 depository, safekeeping, and disbursement functions for the state  
12 treasury and affected state agencies. The treasury income account is  
13 subject in all respects to chapter 43.88 RCW, but no appropriation is  
14 required for payments to financial institutions. Payments shall occur  
15 prior to distribution of earnings set forth in subsection (4) of this  
16 section.

17 (4) Monthly, the state treasurer shall distribute the earnings  
18 credited to the treasury income account. The state treasurer shall  
19 credit the general fund with all the earnings credited to the  
20 treasury income account except:

21 (a) The following accounts and funds shall receive their  
22 proportionate share of earnings based upon each account's and fund's  
23 average daily balance for the period: The abandoned recreational  
24 vehicle disposal account, the aeronautics account, the Alaskan Way  
25 viaduct replacement project account, the brownfield redevelopment  
26 trust fund account, the budget stabilization account, the capital  
27 vessel replacement account, the capitol building construction  
28 account, the Central Washington University capital projects account,  
29 the charitable, educational, penal and reformatory institutions  
30 account, the Chehalis basin account, the Chehalis basin taxable  
31 account, the cleanup settlement account, the climate active  
32 transportation account, the climate transit programs account, the  
33 Columbia river basin water supply development account, the Columbia  
34 river basin taxable bond water supply development account, the  
35 Columbia river basin water supply revenue recovery account, the  
36 common school construction fund, the community forest trust account,  
37 the connecting Washington account, the county arterial preservation  
38 account, the county criminal justice assistance account, the deferred  
39 compensation administrative account, the deferred compensation  
40 principal account, the department of licensing services account, the

1 department of retirement systems expense account, the developmental  
2 disabilities community services account, the diesel idle reduction  
3 account, the drinking water assistance account, the administrative  
4 subaccount of the drinking water assistance account, the early  
5 learning facilities development account, the early learning  
6 facilities revolving account, the Eastern Washington University  
7 capital projects account, the education construction fund, the  
8 education legacy trust account, the election account, the electric  
9 vehicle account, the energy freedom account, the energy recovery act  
10 account, the essential rail assistance account, The Evergreen State  
11 College capital projects account, the fair start for kids account,  
12 the ferry bond retirement fund, the fish, wildlife, and conservation  
13 account, the freight mobility investment account, the freight  
14 mobility multimodal account, the grade crossing protective fund, the  
15 public health services account, the state higher education  
16 construction account, the higher education construction account, the  
17 higher education retirement plan supplemental benefit fund, the  
18 highway bond retirement fund, the highway infrastructure account, the  
19 highway safety fund, the hospital safety net assessment fund, the  
20 Interstate 405 and state route number 167 express toll lanes account,  
21 the judges' retirement account, the judicial retirement  
22 administrative account, the judicial retirement principal account,  
23 the limited fish and wildlife account, the local leasehold excise tax  
24 account, the local real estate excise tax account, the local sales  
25 and use tax account, the marine resources stewardship trust account,  
26 the medical aid account, the money-purchase retirement savings  
27 administrative account, the money-purchase retirement savings  
28 principal account, the motor vehicle fund, the motorcycle safety  
29 education account, the move ahead WA account, the move ahead WA  
30 flexible account, the multimodal transportation account, the multiuse  
31 roadway safety account, the municipal criminal justice assistance  
32 account, the oyster reserve land account, the pension funding  
33 stabilization account, the perpetual surveillance and maintenance  
34 account, the pilotage account, the pollution liability insurance  
35 agency underground storage tank revolving account, the public  
36 employees' retirement system plan 1 account, the public employees'  
37 retirement system combined plan 2 and plan 3 account, the public  
38 facilities construction loan revolving account, the public health  
39 supplemental account, the public works assistance account, the Puget  
40 Sound capital construction account, the Puget Sound ferry operations

1 account, the Puget Sound Gateway facility account, the Puget Sound  
2 taxpayer accountability account, the real estate appraiser commission  
3 account, the recreational vehicle account, the regional mobility  
4 grant program account, the reserve officers' relief and pension  
5 principal fund, the resource management cost account, the rural  
6 arterial trust account, the rural mobility grant program account, the  
7 rural Washington loan fund, the sexual assault prevention and  
8 response account, the site closure account, the skilled nursing  
9 facility safety net trust fund, the small city pavement and sidewalk  
10 account, the special category C account, the special wildlife  
11 account, the state investment board expense account, the state  
12 investment board commingled trust fund accounts, the state patrol  
13 highway account, the state reclamation revolving account, the state  
14 route number 520 civil penalties account, the state route number 520  
15 corridor account, the statewide broadband account, the statewide  
16 tourism marketing account, the supplemental pension account, the  
17 Tacoma Narrows toll bridge account, the teachers' retirement system  
18 plan 1 account, the teachers' retirement system combined plan 2 and  
19 plan 3 account, the tobacco prevention and control account, the  
20 tobacco settlement account, the toll facility bond retirement  
21 account, the transportation 2003 account (nickel account), the  
22 transportation equipment fund, the transportation future funding  
23 program account, the transportation improvement account, the  
24 transportation improvement board bond retirement account, the  
25 transportation infrastructure account, the transportation partnership  
26 account, the traumatic brain injury account, the University of  
27 Washington bond retirement fund, the University of Washington  
28 building account, the voluntary cleanup account, the volunteer  
29 firefighters' (~~and reserve officers'~~) relief and pension principal  
30 fund, the volunteer firefighters' and reserve officers'  
31 administrative fund, the vulnerable roadway user education account,  
32 the Washington judicial retirement system account, the Washington law  
33 enforcement officers' and firefighters' system plan 1 retirement  
34 account, the Washington law enforcement officers' and firefighters'  
35 system plan 2 retirement account, the Washington public safety  
36 employees' plan 2 retirement account, the Washington school  
37 employees' retirement system combined plan 2 and 3 account, the  
38 Washington state patrol retirement account, the Washington State  
39 University building account, the Washington State University bond  
40 retirement fund, the water pollution control revolving administration

1 account, the water pollution control revolving fund, the Western  
2 Washington University capital projects account, the Yakima integrated  
3 plan implementation account, the Yakima integrated plan  
4 implementation revenue recovery account, and the Yakima integrated  
5 plan implementation taxable bond account. Earnings derived from  
6 investing balances of the agricultural permanent fund, the normal  
7 school permanent fund, the permanent common school fund, the  
8 scientific permanent fund, and the state university permanent fund  
9 shall be allocated to their respective beneficiary accounts.

10 (b) Any state agency that has independent authority over accounts  
11 or funds not statutorily required to be held in the state treasury  
12 that deposits funds into a fund or account in the state treasury  
13 pursuant to an agreement with the office of the state treasurer shall  
14 receive its proportionate share of earnings based upon each account's  
15 or fund's average daily balance for the period.

16 (5) In conformance with Article II, section 37 of the state  
17 Constitution, no treasury accounts or funds shall be allocated  
18 earnings without the specific affirmative directive of this section.

19 NEW SECTION. **Sec. 11.** (1) Section 6 of this act expires when  
20 chapter 144, Laws of 2020 takes effect.

21 (2) Section 9 of this act expires July 1, 2024.

22 NEW SECTION. **Sec. 12.** (1) Section 7 of this act takes effect  
23 when chapter 144, Laws of 2020 takes effect.

24 (2) Section 10 of this act takes effect July 1, 2024.

25 NEW SECTION. **Sec. 13.** Except for sections 7 and 10 of this act,  
26 this act takes effect the later of December 1, 2023, or the date that  
27 the state board for volunteer firefighters and reserve officers  
28 receives notice from the federal internal revenue service that the  
29 volunteer firefighters' and reserve officers' relief and pension  
30 system is a qualified employee benefit plan under federal law. The  
31 state board must provide written notice of the effective date of this  
32 section to affected parties, the chief clerk of the house of  
33 representatives, the secretary of the senate, the office of the code  
34 reviser, and others as deemed appropriate by the state board.

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