

CHAPTER 291.

[H. B. 458.]

STATE EMPLOYEES' RETIREMENT SYSTEM.

AN ACT relating to the state employees' retirement system; amending section 1, chapter 274, Laws of 1947, as last amended by section 1, chapter 231, Laws of 1957, and RCW 41.40.010; amending sections 3, 4, and 7, chapter 274, Laws of 1947, and RCW 41.40.030, 41.40.040, and 41.40.065; amending section 8, chapter 274, Laws of 1947, as last amended by section 1, chapter 220, Laws of 1955, and RCW 41.40.070; amending section 20, chapter 274, Laws of 1947, as last amended by section 11, chapter 200, Laws of 1953, and RCW 41.40.190; amending section 23, chapter 274, Laws of 1947, as last amended by section 12, chapter 200, Laws of 1953, and RCW 41.40.220; amending section 26, chapter 274, Laws of 1947, as amended by section 13, chapter 200, Laws of 1953, and RCW 41.40.250; amending section 28, chapter 274, Laws of 1947, as last amended by section 1, chapter 201, Laws of 1953 and by section 14, chapter 200, Laws of 1953, and RCW 41.40.270; amending section 30, chapter 274, Laws of 1947, as last amended by section 6, chapter 277, Laws of 1955, and RCW 41.40.290; amending section 4, chapter 231, Laws of 1957 and RCW 41.40.361; amending section 38, chapter 274, Laws of 1947, as amended by section 26, chapter 240, Laws of 1949, and RCW 41.40.370; amending section 43, chapter 274, Laws of 1947, as last amended by section 19, chapter 200, Laws of 1953, and RCW 41.40.410; repealing sections 1 and 2, chapter 284, Laws of 1953, and RCW 41.40.085 and 41.40.087; repealing section 1, chapter 202, Laws of 1953, as amended by section 1, chapter 234, Laws of 1955, and RCW 41.32.495 and 41.40.127; repealing section 1, chapter 253, Laws of 1959, and RCW 41.32.496 and 41.40.127; and declaring an emergency.

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

SECTION 1. Section 1, chapter 274, Laws of 1947, as last amended by section 1, chapter 231, Laws of 1957, and RCW 41.40.010 are each amended to read as follows:

RCW 41.40.010 amended.

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

State employees' retirement. Terms defined.

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

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

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

(4) "Employer" means every branch, department, agency, commission, board, and office of the state and any political subdivision of the state admitted into the retirement system.

(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 retire-

ment 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 eight 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) "Compensation earnable" 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.

(9) "Service" 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.

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

(11) "Membership service" means:

(a) In the case of any person who first becomes a member through the admission of an employer into the retirement system on and after April 1, 1949, all service rendered after October 1, 1947;

(b) In the case of all other members, all service as a member.

(12) "Beneficiary" means any person in receipt of a retirement allowance, pension or other benefit provided by this chapter.

(13) "Regular interest" means such rate as the retirement board may determine, such rate not to be lower than one percent per annum nor more than four percent per annum compounded annually.

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

(15) "Average final compensation" means the annual average of the greatest compensation earnable by a member during any consecutive five year period of service for which service credit is allowed; or if he has less than five years of service then the annual average compensation earnable during his total years of service for which service credit is allowed.

(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) "Annuity reserve" means the present value, computed upon the basis of such mortality, and other tables, as shall be adopted by the retirement board, of all payments to be made on account of any annuity or benefits in lieu of any annuity granted to a member under the provisions of this chapter.

(21) "Pension reserve" means the present value, computed upon the basis of such mortality, and other tables, as shall be adopted by the retirement board, of all payments to be made on account of any pension, or benefits in lieu of any pension, granted to a member under the provisions of this chapter.

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

(23) "Contributions for the purchase of annuities" means amounts deducted from the compensation of a member, under the provisions of RCW 41.40.330, other than contributions to the retirement system expense fund.

(24) "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.

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

(26) "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.

(27) "Ineligible position" means any position which does not conform with the requirements set forth in subdivision (26).

(28) "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.

RCW 41.40.030
amended.

SEC. 2. Section 3, chapter 274, Laws of 1947, and RCW 41.40.030 are each amended to read as follows:

Retirement
board—Em-
ployee repre-
sentatives,
election of.

The retirement board shall consist of seven members, as follows: The insurance commissioner, the attorney general, the state treasurer, the state auditor, and three employee representatives who shall have been members of the retirement system for at least five years, and each of whom shall be elected by members in their classification of employment for a term of three years: *Provided*, That the term of office of any employee representative serving as a member of the retirement board by appointment prior to the effective date of this amendment shall continue until the expiration of the period of time for which such employee representative was appointed. The members of the system shall be divided into three classifications of employment for purposes of board representation as follows: Classification A shall consist of all employees of the state government; classification B shall consist of all employees of counties; and classification C shall consist of all members not included in classification A or B. Each member shall have the right to vote only for an employee representative from his respective classification.

The first election will be held to elect a representative from classification C whose term shall begin July 1, 1961; the second election will be held to elect a representative from classification B whose term shall begin July 1, 1962; the third election will be held to elect a representative from classification A whose term shall begin July 1, 1963.

Any employee desiring to become a candidate to represent employees in his classification may during the first two weeks of May of the year in which the vacancy in the classification occurs, file with the executive secretary of the system a typewritten statement that he desires to be a candidate for the board. The letter supporting his candidacy must be signed by at least twenty active members of the retirement system in his classification. The election shall be conducted under the supervision of the state employees' retirement board pursuant to such rules as the board shall prescribe, but shall be so conducted that the voting shall be secret and the ballots may be returned by mail. Ballots in order to be counted shall be received by the executive secretary not later than the second Monday in June. The board shall thereupon proceed to count the ballots and shall certify to the secretary of state the candidate receiving the highest number of votes.

The terms of all employee representatives shall commence on the first day of July following their election.

SEC. 3. Section 4, chapter 274, Laws of 1947, and RCW 41.40.040 are each amended to read as follows:

RCW 41.40.040
amended.

(1) Any vacancy occurring by reason of resignation, death or disability ninety days or more before the expiration of the term of any employee representative of the retirement board shall be filled by appointment by the other members of the retirement board. The person appointed shall be a member of the same classification as was the employee repre-

Vacancies—
Effect of non-
attendance.

sentative to whose position he is appointed. The employee representative thus appointed shall serve until the vacancy is filled by the election of a member of the same classification. In the event the unexpired term will not end in the next ensuing July, an election to fill the unexpired term shall take place at the same time as the next forthcoming regular election of an employee representative to the board, and shall be conducted in accordance with the same procedure as governs such regular election.

(2): Any employee representative of the retirement board who fails to attend the scheduled meetings of the retirement board for three consecutive months or longer, without valid excuse, shall be considered as having resigned from board membership and the retirement board shall declare his office vacated as of the adoption of a proper resolution, and proceed to fill the vacancy as herein provided.

RCW 41.40.065
amended.

SEC. 4. Section 7, chapter 274, Laws of 1947, and RCW 41.40.065 are each amended to read as follows:

Mortality,
service and
other tables.

The retirement board shall collect and keep in convenient form such data as shall be necessary for an actuarial valuation of the assets and liabilities of the retirement system; and for making an actuarial investigation into the mortality, service, compensation, and other experience of the members and beneficiaries of the retirement system. At least once in each five year period, the retirement board shall cause an actuarial investigation to be made into the mortality, service, compensation, and other experience of the members and beneficiaries of the retirement system. Upon the basis of such actuarial investigation the retirement board shall adopt from time to time such tables as are deemed necessary for the proper operation and funding of the retirement system and for making effective the provisions of this chapter.

Sec. 5. Section 8, chapter 274, Laws of 1947, as last amended by section 1, chapter 220, Laws of 1955, and RCW 41.40.070 are each amended to read as follows:

(1) The members of the retirement board shall be the trustees of the several funds created by this chapter and the retirement board shall have full power to authorize the finance committee to invest same in bonds or other obligations issued directly by or fully guaranteed by the federal government or any agency thereof, of the state of Washington or of any county, city, village or school district of the state, or of any other legally constituted taxing subdivision within the state, or in revenue bonds issued by the state of Washington or any of its political subdivisions or instrumentalities, or in general obligation and revenue bonds issued by any state of the United States, or in any duly constituted authority or agency of such state, or in the general obligation or revenue bonds of any political subdivision of any state of the United States that are legal for investment by mutual savings banks in the state of Washington. All such bonds, or other obligations, shall be purchased at current market price and all such purchases shall be authorized by a resolution adopted by the retirement board. The retirement board may purchase out of the several funds hereinbefore created, appropriate contracts of life insurance or annuity from insurers duly authorized to do business in the state of Washington, if and when such purchase or purchases shall in the judgment of said retirement board be appropriate or necessary to carry out the purposes of this chapter.

Vetoed.

(2) For the purpose of meeting disbursements for annuities and other payments in excess of the receipts, there shall be kept available by the retirement board an amount, not exceeding ten percent of the total amount in the funds provided for by this chapter, on deposit in the state treasury.

RCW 41.40.190
amended.

SEC. 6. Section 20, chapter 274, Laws of 1947, as last amended by section 11, chapter 200, Laws of 1953, and RCW 41.40.190 are each amended to read as follows:

Retirement
allowances.

Upon retirement from service, as provided for in RCW 41.40.180, a member shall receive a service retirement allowance which shall consist of:

(1) An annuity which shall be the actuarial equivalent of his accumulated contributions at the time of his retirement; and

(2) A basic service pension of one hundred dollars per annum; and

(3) A membership service pension, subject to the provisions of subdivision (5) of this section, which shall be equal to one one-hundred twentieth of his average final compensation for each year or fraction of a year of membership service credited to his service account; and

(4) A prior service pension which shall be equal to one-seventieth of his average final compensation for each year or fraction of a year of prior service not to exceed thirty years credited to his service accounts. In no event shall any original member upon retirement at age seventy with ten or more years of service credit receive less than nine hundred dollars per annum as a retirement allowance, nor shall any member upon retirement at any age receive a retirement allowance of less than seven hundred twenty dollars per annum if such member has fifteen or more years of service credit, or less than eight hundred forty dollars per annum if such member has twenty or more years of service credit, or less than nine hundred sixty dollars per annum if such member has twenty-five or more years of service credit, or less than one thousand and eighty dollars per annum if such member has more than thirty years of service credit. In the event that the retirement allowance as to such member provided by subdivisions (1), (2), (3), and (4) hereof shall amount to less than

the aforesaid minimum retirement allowance, the basic service pension of the member shall be increased from one hundred dollars to a sum sufficient to make a retirement allowance of the applicable minimum amount.

(5) To be eligible to receive the annuity portion derived from the member's accumulated contributions under subdivision (1) and the pension portions provided by the employer under subdivisions (2) and (3) of this section, a new member must have at least five years of membership service credited to his service account, unless he becomes eligible for benefits provided for herein under RCW 41.40.200, 41.40.210 and 41.40.220.

(6) Retirement allowances paid to members eligible to retire under the provisions of RCW 41.40.180 (2), 41.40.200, 41.40.210, 41.40.220, 41.40.230, 41.40.240 and 41.40.250 shall accrue from the first day of the calendar month immediately following the calendar month during which the member is separated from service. Retirement allowances paid to members eligible to retire under any other provisions of this chapter shall accrue from the first day of a calendar month but in no event earlier than the first day of the calendar month immediately following the calendar month during which the member is separated from service.

SEC. 7. Section 23, chapter 274, Laws of 1947, as last amended by section 12, chapter 200, Laws of 1953, and RCW 41.40.220 are each amended to read as follows:

RCW 41.40.220
amended.

Upon retirement for disability, as provided in RCW 41.40.200, a member who has not attained age sixty shall receive the following benefits, subject to the provisions of RCW 41.40.310 and 41.40.320:

Allowance on
retirement for
duty disability
—Before sixty.

(1) A disability retirement pension of two-thirds of his average final compensation to his attainment of age sixty, subject to the provisions of RCW

41.40.310. The disability retirement pension provided by the employer shall not exceed twenty-four hundred dollars per annum, and

(2) Upon attainment of age sixty, the disabled member shall receive a pension, as provided for in RCW 41.40.190, subdivisions (2), (3), and (4), together with an annuity which shall be the equivalent of the annuity he would have received had he continued contributions to the employees' savings fund; said contributions to be based upon his final compensation at the time of his disability.

(3) During the period a disabled member is receiving a disability pension, as provided for in subdivision (1) of this section, his contributions to the employees' savings fund shall be suspended and his balance in the employees' savings fund, standing to his credit as of the date his disability pension is to begin, shall remain in the employees' savings fund: *Provided*, That if the disabled member should die before attaining age sixty, while a disability beneficiary, upon receipt by the retirement board of proper proof of death, his accumulated contributions standing to his credit in the employees' savings fund, shall be paid to such person or persons, having an insurable interest in his life, as he shall have nominated by written designation duly executed and filed with the retirement board: *Provided, however*, That if there be no such designated person or persons still living at the time of the member's death, his accumulated contributions standing to his credit in the employees' savings fund shall be paid to his surviving spouse as if in fact such spouse had been nominated by written designation as aforesaid, or if there be no such surviving spouse, then to his legal representative.

and RCW 41.40.250 are each amended to read as follows:

Upon retirement for disability, as provided in RCW 41.40.230, a member who has not attained age sixty shall receive a disability retirement allowance, subject to the provisions of RCW 41.40.310 and 41.40.320. Upon attaining age sixty he shall receive a service retirement allowance as provided for in RCW 41.40.190 except that the annuity portion thereof shall consist of a continuation of the cash refund annuity previously provided to him. His disability retirement allowance prior to age sixty shall consist of:

Allowance on retirement for nonduty disability—Before sixty.

(1) A cash refund annuity which shall be the actuarial equivalent of his accumulated contributions at the time of his retirement; and

(2) A pension, in addition to the annuity, equal to one one-hundred twentieth of his average final compensation for each year of service. The pension provided by the employer under this paragraph shall not exceed fifteen hundred dollars per annum; and the total disability retirement allowance, consisting of subdivisions (1) and (2) of this section, shall not exceed eighteen hundred dollars per annum, or one-half of the retiring member's average final compensation whichever is the smaller. If the recipient of a retirement allowance under this section shall die before the total of the annuity portions of the retirement allowance paid to him equals the amount of his accumulated contributions at the date of retirement, then the balance shall be paid to such person or persons having an insurable interest in his life as he shall have nominated by written designation duly executed and filed with the retirement board, or if there be no such designated person or persons, still living at the time of his death, then to his surviving spouse, or if there be neither such designated person or persons still living at the time of his death nor a surviving spouse, then to his legal representatives.

RCW 41.40.270
amended.

SEC. 9. Section 28, chapter 274, Laws of 1947, as last amended by section 1, chapter 201, Laws of 1953 and by section 14, chapter 200, Laws of 1953, and RCW 41.40.270 are each amended to read as follows:

Death before
retirement—
Contributions
to nominee,
surviving
spouse or legal
representative.

Should a member die before the date of his retirement the amount of the accumulated contributions standing to his credit in the employees' savings fund, at the time of his death, shall be paid to such person or persons, having an insurable interest in his life, as he shall have nominated by written designation duly executed and filed with the retirement board: *Provided*, That if there be no such designated person or persons still living at the time of the member's death, his accumulated contributions standing to his credit in the employees' savings fund shall be paid to his surviving spouse as if in fact such spouse had been nominated by written designation as aforesaid, or if there be no such surviving spouse, then to his legal representatives: *Provided, however*, That this section, unless elected, shall not apply to any member who shall have heretofore died or who shall hereafter die while still in service at an attained age of seventy years or more, or at an attained age of sixty years but less than seventy years having fifteen or more years of total service or ten or more years of membership service, or at any age having thirty or more years total service, all as provided for in RCW 41.40.290 when said member has elected option II or has a surviving spouse.

RCW 41.40.290
amended.

SEC. 10. Section 30, chapter 274, Laws of 1947, as last amended by section 6, chapter 277, Laws of 1955, and RCW 41.40.290 are each amended to read as follows:

Optional
allowances.

Except as provided by RCW 41.40.250, any member may elect, in accordance with the provisions of this section and in lieu of a regular retirement allowance payable throughout life with termination at death, to receive as an optional retirement allowance

the actuarial equivalent, at the time of his retirement, of his regular retirement allowance in accordance with the provisions of options I, II, and III, as hereinafter set forth. No election of an optional retirement allowance shall be effective in case the member making such election dies before his actual retirement date: *Provided*, That any option selected in writing by any member who shall have heretofore died or who shall hereafter die while still in service at an attained age of seventy years or more shall be effective and in any such case if no such option shall have been selected, then option II shall automatically be given effect as if in fact selected for the benefit of the surviving spouse, unless such spouse is entitled to take payment under RCW 41.40.270 and elects to do so: *Provided, however*, That any member who shall hereafter die while still in service at an attained age of sixty years but less than seventy years and who has fifteen or more years of total service or ten or more years of membership service, or who has thirty or more years of total service regardless of age shall have option II automatically given effect as if in fact selected for the benefit of the surviving spouse, unless such spouse is entitled to take payment under RCW 41.40.270 and elects to do so.

Option I. If he dies before the total of the annuity portions of the retirement allowance paid to him equals the amount of his accumulated contributions at the time of retirement, then the balance shall be paid to such person or persons having an insurable interest in his life, as he shall have nominated by written designation duly executed and filed with the retirement board, or if there be no such designated person or persons, still living at the time of his death, then to his surviving spouse, or if there be neither such designated person or persons still living at the time of his death nor a surviving spouse, then to his legal representatives; or

Option II. Upon his death his reduced retirement allowance shall be continued throughout the life of and paid to such person, having an insurable interest in his life, as he shall have nominated by written designation duly executed and filed with the retirement board at the time of his retirement; or

Option III. Upon his death, one-half of his reduced retirement allowance shall be continued throughout the life of and paid to such person, having an insurable interest in his life, as he shall have nominated by written designation duly executed and filed with the retirement board at the time of his retirement.

RCW 41.40.361
amended.

SEC. 11. Section 4, chapter 231, Laws of 1957 and RCW 41.40.361 are each amended to read as follows:

Employer's
contribution.

(1) For the purpose of this section, the "fundable employer liability" at any date shall be the present value of

(a) all future pension benefits payable in respect of all members in the retirement system at that date, and

(b) all future benefits in respect of beneficiaries then receiving retirement allowances or pensions.

(2) The contributions by the employer for benefits under the retirement system shall consist of the sum of a percentage of the compensation of members to be known as the "normal contribution", a percentage of such compensation to be known as the "unfunded liability contribution" and in the case of employers admitted to the retirement system after April 1, 1949, a percentage of such compensation to be known as the "additional contribution". The rates of such contributions shall be determined by the retirement board on the basis of assets and liabilities as shown by actuarial valuation: *Provided*, That as to state employers the total combined contributions of the normal contribution and unfunded liability contribution shall not exceed a total combined

percentage rate of six percent for each employer unless authorized by the legislature.

(3) After the completion of each actuarial valuation subsequent to the first actuarial valuation of June 30, 1953, the retirement board shall determine the normal contribution rate and such contribution rate shall become effective in the ensuing biennium. Until the unfunded liability contribution shall have been discontinued, such normal contribution rate shall be computed to be sufficient, when applied to the present value of the future compensation of the average new member entering the system, to provide for the payment of all prospective pension benefits in respect of such member. After the unfunded liability contributions have been discontinued, such normal contribution rate shall be determined as the uniform and constant percentage of the prospective compensation of all members of the retirement system at the date of such valuation which is equivalent to the excess of the fundable employer liability over the amount of funds currently standing to the credit of the benefit account fund.

(4) After the completion of each actuarial valuation subsequent to the first actuarial valuation of June 30, 1953, the retirement board shall determine the unfunded liability contribution, and such rate shall become effective in the ensuing biennium. The unfunded liability contribution rate shall not be less than that percentage of annual compensation of all members in the retirement system at the date of such subsequent valuation which is equivalent to four percent of the unfunded liability of the system. The unfunded liability shall be determined at such date as the excess of the fundable employer liability over the sum of the present value of the future normal contributions payable in respect of all members in the retirement system at that date, and the amount of all funds currently standing to the credit of the benefit account fund. The unfunded liability

contributions shall continue until there remains no unfunded liability.

(5) Any employer admitted to the retirement system after April 1, 1949, shall make an additional contribution at a rate equal to not less than twenty-five percent of the sum of the normal contribution rate and the unfunded liability contribution rate until such time as the sum of such additional contributions equals the amount of contributions which such employer would have been required to contribute between April 1, 1949, and the date of such employer's admission to the retirement system: *Provided*, All additional contributions hereunder and under the provisions of RCW 41.40.160 (2) must be completed within ten years from the date of the employer's admission.

RCW 41.40.370
amended.

SEC. 12. Section 38, chapter 274, Laws of 1947, as amended by section 26, chapter 240, Laws of 1949, and RCW 41.40.370 are each amended to read as follows:

Employer's
contribution—
Computation
—Billing.

(1) The retirement board 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 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, the amount to be collected as the employer's contribution for pension benefits shall be computed by applying the rates established by RCW 41.40.361 to the total compensation earnable of employer's members as shown on the current payrolls of the said employer. The retirement board 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 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.

SEC. 13. Section 43, chapter 274, Laws of 1947, as last amended by section 19, chapter 200, Laws of 1953, and RCW 41.40.410 are each amended to read as follows:

RCW 41.40.410
amended.

The employees and appointive and elective officials of any political subdivision of the state may become members of the retirement system by the approval of the local legislative authority. Each such political subdivision becoming an employer under the meaning of this chapter shall make contributions to the funds of the retirement system as provided in RCW 41.40.080, 41.40.360 and 41.40.370 and its employees shall contribute to the employees' savings fund at the rate established under the provisions of RCW 41.40.330. For the purpose of administering and interpreting this chapter the board may substitute the names of political subdivisions of the state for the "state" and employees of the subdivisions for "state employees" wherever such terms appear in this chapter. The board may also alter any dates mentioned in this chapter for the purpose of making the provisions of the chapter applicable to the entry of any political subdivisions into the system. Any member transferring employment to another employer which is covered by the retirement system may continue as a member without loss of previously earned pension and annuity benefits. The board shall keep such accounts as are necessary to show the contributions of each political subdivision to the benefit account fund and shall have the power to debit and credit the various ac-

Optional entry
of system by
political sub-
divisions.

counts in accordance with the transfer of the members from one employer to another.

Repeal. SEC. 14. Section 1, chapter 284, Laws of 1953, and RCW 41.40.085 are each repealed.

Repeal. SEC. 15. Section 2, chapter 284, Laws of 1953, and RCW 41.40.087 are each repealed.

Repeal. SEC. 16. Section 1, chapter 202, Laws of 1953, as amended by section 1, chapter 234, Laws of 1955, and RCW 41.32.495 and 41.40.127 are each repealed.

Repeal. SEC. 17. Section 1, chapter 253, Laws of 1959, and RCW 41.32.496 and 41.40.127 are each repealed.

Severability. SEC. 18. 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.

Emergency. SEC. 19. This act is necessary for the immediate preservation of the public peace, health and safety, and for the support of the state government, and shall take effect immediately.

Passed the House March 9, 1961.

Passed the Senate March 8, 1961.

Approved by the Governor March 21, 1961, with the exception of Section 5, which is vetoed.

Veto message, excerpt.

NOTE: Excerpt of Governor's veto message reads as follows:

"This bill is approved with the exception of section 5 which is vetoed.

"Section 5 in the original form of the bill contained several amendments to RCW 41.40.070. However, the Senate during the passage of this bill, struck each and every one of the amendments contained in the original bill so that in its final form, section 5 as passed by both Houses of the Legislature, restores the original language contained in RCW 41.40.070.

"Senate Bill No. 288 amends the identical section; to wit: RCW 41.40.070 by allowing the State Employees' Retirement System Board to invest retirement funds in motor vehicle fund warrants which are issued to pay the costs of acquisition of real property and property rights necessary for the improvement of the State highway system. By allowing retirement funds to be invested in such warrants, the Highway Commission is enabled to acquire right of ways up to six years prior to construction. Such allowance of prior acquisition will result in substantial savings to the State.

"In order to make sure that the provisions contained in section 9 of Senate Bill No. 288 shall prevail, it is necessary to veto section 5 of this bill.

"For reasons indicated, section 5 is vetoed, and the remainder of the bill is approved."

ALBERT D. ROSELLINI,
Governor.

CHAPTER 292.

[H. B. 556.]

INHERITANCE TAXES.

AN ACT relating to inheritance taxes; amending section 83.04-.010, chapter 15, Laws of 1961 (House Bill No. 6), and RCW 83.04.010; amending section 83.04.030, chapter 15, Laws of 1961 (House Bill No. 6), and RCW 83.04.030; amending section 83.04.040, chapter 15, Laws of 1961 (House Bill No. 6), and RCW 83.04.040; amending section 83.16.080, chapter 15, Laws of 1961 (House Bill No. 6), and RCW 83.16.080; amending section 83.24.010, chapter 15, Laws of 1961 (House Bill No. 6), and RCW 83.24.010; amending section 83.32.020, chapter 15, Laws of 1961 (House Bill No. 6), and RCW 83.32.020; amending section 83.40.010, chapter 15, Laws of 1961 (House Bill No. 6), and RCW 83.40.010; and amending section 83.44.110, chapter 15, Laws of 1961 (House Bill No. 6), and RCW 83.44.110.

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

SECTION 1. Section 83.04.010, chapter 15, Laws of 1961 (House Bill No. 6), and RCW 83.04.010 are amended, divided, and recodified as set forth in sections 2 through 8 of this act.

RCW 83.04.010
amended,
divided,
recodified.

SEC. 2. (83.04.010) All property within the jurisdiction of this state, and any interest therein, whether belonging to the inhabitants of this state or not, and whether tangible or intangible, which shall pass

RCW 83.04.010.
Inheritance
taxes.
Property sub-
ject to tax.

(1) by will or by the statutes of inheritance of this or any other state or

(2) by deed, grant, sale, contract or gift made in contemplation of the death of the grantor, or donor, or