

SENATE BILL REPORT

ESHB 1744

AS REPORTED BY COMMITTEE ON WAYS & MEANS, APRIL 5, 1993

Brief Description: Changing provisions relating to the LEOFF system.

SPONSORS: House Committee on Appropriations (originally sponsored by Representatives Heavey, G. Cole, Brough and Orr)

HOUSE COMMITTEE ON APPROPRIATIONS

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass as amended.

Signed by Senators Rinehart, Chairman; Spanel, Vice Chairman; Anderson, Bauer, Bluechel, Gaspard, Hargrove, Jesernig, McDonald, Moyer, Niemi, Owen, Roach, L. Smith, Snyder, Talmadge, West, Williams, and Wojahn.

Staff: Denise Graham (786-7715)

Hearing Dates: March 22, 1993; April 5, 1993

BACKGROUND:

Law Enforcement Officers: The Washington Mutual Aid Peace Officer Powers Act of 1985 divides law enforcement officers into two general categories. "General authority peace officers" are those with power to enforce any general criminal law of the state of Washington. General authority officers include county and city police, but also police employed by the state's universities and some port districts. These officers are distinguished from "limited authority peace officers" with powers to enforce only the laws over which their employing agency has jurisdiction, such as gambling, liquor control, wildlife, or fisheries enforcement officers.

The Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF) defines an eligible law enforcement officer for purposes of retirement credit as a full-time, fully compensated county sheriff, deputy sheriff, city police officer, or town marshal. Peace officers employed by universities and port districts are outside this LEOFF definition, and therefore are members of the Public Employees' Retirement System (PERS).

Eligibility for full retirement benefits under PERS Plan II comes at age 65. Under LEOFF II, eligibility for full benefits is age 58.

Portability/Dual Membership: If an employee leaves employment in one retirement system, and moves to another, service credit is split between the two systems. Unless there is a policy of portability, the employee ends up with a lower retirement

benefit than if he or she had remained in one system for an entire career. This is because the benefit in the first retirement system will be calculated using the outdated, and probably lower, average final compensation earned by the employee when he or she left the first system.

Portability, or "dual membership," is allowed between most of the state's retirement systems. However, it does not extend to LEOFF.

LEOFF retirement contributions are paid by the employee, the employer, and the state. The employee rate is always equal to the employer and state rates combined, so that the employee shares in the cost of retirement benefits.

SUMMARY:

Membership Eligibility: Beginning July 1, 1993, the definition of "employer" under Plan II of the Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF II) includes any general authority law enforcement agency having as its primary function the detection and apprehension of persons violating the traffic or criminal laws in general. Such an agency is distinguished from a limited authority law enforcement agency having as only one of its functions the detection and apprehension of persons violating laws relating to limited subject areas, including the state Departments of Fisheries, Wildlife, and Corrections.

Also effective July 1, 1993, the definition of "law enforcement officer" under LEOFF means any person commissioned and employed by an employer to enforce the general criminal laws of the state.

Membership Transfer: An employee who, as of July 1, 1993, meets the new definition of law enforcement officer, but was previously a member of the Public Employees' Retirement System (PERS), can address future retirement service credit in two ways, by making an irrevocable choice in writing before July 1, 1994:

- (1) The employee can remain a member of PERS; or
- (2) The employee can transfer to LEOFF II and have dual membership with PERS under portability.

If the Department of Retirement Systems determines that transfers of service credit and accumulated contributions between retirement systems are permitted by federal law without causing adverse income tax liability for an employee or the pension funds, then an employee who transferred future credit to LEOFF II can also transfer service credit as a law enforcement officer previously earned in PERS. The employee must make an irrevocable choice in writing within one year of the department's announcement of the ability to make such a transfer.

Any applicable service credit as a law enforcement officer, plus the accumulated employee and employer retirement contributions for the credit, will be transferred from PERS to LEOFF II for an employee who chooses such a transfer.

In addition, the employee must pay the difference between the employee contribution rate in PERS and the contribution rate in LEOFF, plus interest for the transferred credit. The employer must pay the difference in the employer contribution rate in PERS and the rate in LEOFF, plus sufficient interest to ensure that the contribution rate for other LEOFF members does not increase as a result of the transfer.

Portability/Other: Portability is created between LEOFF II and the other state retirement systems, but only for the employees affected by this bill who choose to transfer to LEOFF.

Port districts and institutions of higher education must pay both the employer and the state retirement contribution rate in LEOFF for any employees who are law enforcement officers.

The list of issues for consideration by an interest arbitration panel is not to be construed by the panel to require an employer to pay the increased employee contributions toward retirement that result from the benefits provided in this bill.

SUMMARY OF PROPOSED SENATE AMENDMENT:

The effective date is moved from July 1, 1993 to January 1, 1994. In addition, members must make their choice to stay in TRS or to transfer to LEOFF II by January 1, 1995.

Appropriation: none

Revenue: none

Fiscal Note: available

Effective Date: The bill contains an emergency clause and takes effect immediately.

TESTIMONY FOR:

UW and Port of Seattle officers work areas the size of a city and are placed in high risk situations just like any other police officers. They should be able to complete their careers at the same time as their counterparts. This bill will eliminate retention problems and correct an oversight that should have been corrected long ago.

TESTIMONY AGAINST: None

TESTIFIED: PRO: Representative Mike Heavey, original prime sponsor; Mr. Ingram, Tony Anderson, Port of Seattle; Mike Patrick, Washington State Council of Police Officers; Mr. Shanahan, UW Chief of Police

