

SENATE BILL REPORT

SB 6546

As Passed Senate, February 15, 2010

Title: An act relating to membership in the public employees' retirement system.

Brief Description: Allowing the state director of fire protection to refuse membership in the public employees' retirement system.

Sponsors: Senator Pridemore.

Brief History:

Committee Activity: Ways & Means: 1/26/10, 2/08/10 [DP].

Passed Senate: 2/15/10, 48-0.

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass.

Signed by Senators Prentice, Chair; Fraser, Vice Chair, Capital Budget Chair; Tom, Vice Chair, Operating Budget; Zarelli, Ranking Minority Member; Brandland, Carrell, Fairley, Hewitt, Hobbs, Honeyford, Keiser, Kline, Kohl-Welles, McDermott, Parlette, Pflug, Regala, Rockefeller and Schoesler.

Staff: Erik Sund (786-7454)

Background: The Law Enforcement Officers and Fire Fighters' Retirement System (LEOFF) provides retirement benefits to full-time general authority law enforcement officers and firefighters throughout Washington. All employees first employed in LEOFF-eligible positions since 1977 have been enrolled in LEOFF Plan 2, which allows for an unreduced retirement allowance at age 53. LEOFF Plan 2 permits early retirement beginning at age 50 for members with 20 years of service with a 3 percent per year reduction of their retirement allowance.

All employees first employed in the Public Employees Retirement System (PERS)-eligible positions since 1977 have been enrolled in PERS Plan 2/3, which allows for an unreduced retirement allowance at age 65. PERS 1, in contrast, permits members to retire at any age after 30 years of service, at age 55 with 25 years of service, and at age 60 with five years of service.

If a member of one state retirement system leaves eligible employment and goes to work in a

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position that is eligible for membership in another of the state retirement systems, that member will become a dual member. Dual members can earn a retirement allowance in each system, with each benefit subject to the regulations of its system. Under the portability benefits provided under state law, a dual member may combine years of service from both plans to determine retirement eligibility and may use the highest average final compensation earned under either system to calculate retirement allowances under both systems. If a dual member is eligible to retire under one system but not the other, the member may retire, however the benefit paid from the plan under which the member would not ordinarily be able to retire is subject to full actuarial reduction.

The position of State Director of Fire Protection within the Washington State Patrol is eligible for membership in PERS.

Summary of Bill: If a LEOFF 2 member leaves LEOFF-eligible employment to serve as the State Director of Fire Protection, then that member may elect to continue membership in LEOFF 2 only, rather than becoming a dual member of LEOFF 2 and PERS 2/3.

Appropriation: None.

Fiscal Note: Not requested.

Committee/Commission/Task Force Created: No.

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

Staff Summary of Public Testimony: PRO: The current State Fire Marshall will retire soon and this bill would provide an important tool for recruiting his successor. Under current law, it is difficult to recruit from amongst the fire chiefs in this state because they would be forced to become members of a new retirement system with a higher retirement age than their current plan features.

Persons Testifying: PRO: Mike Brown, Washington Fire Chiefs.