

# FINAL BILL REPORT

## SHB 1430

---

---

C 286 L 95

Synopsis as Enacted

**Brief Description:** Exempting certain employers from additional retirement contributions.

**Sponsors:** House Committee on Appropriations (originally sponsored by Representatives Carlson, Sehlin, Cooke, Sommers, Dellwo and Basich; by request of Joint Committee on Pension Policy).

**House Committee on Appropriations**  
**Senate Committee on Ways & Means**

**Background:** Under the public employees' retirement system (PERS), both the employer and the employee make contributions to the system; the contributions are based on a percentage of the employee's salary. Approximately 1,100 political subdivisions do not participate in PERS.

If an employer who does not belong to the PERS system wishes to join, the employer must pay both the employer's and employee's contributions for the period dating back to the employee's date of hire. These back contributions are required even if employees were covered under a private retirement plan for all or part of the prior service period.

**Summary:** Employers joining PERS for the first time after the bill's effective date may choose one of the following options:

- 1) Service credit may be purchased from the date of the employer's admission to PERS;
- 2) Retroactive service credit from the date of the employee's date of hire may be purchased by paying back contributions plus interest when feasible through one of the following methods:
  - a) all back contributions are paid by the employer;
  - b) all back contributions are paid by both employer and employee. The proportion of payments can be decided by the employer and employee and participation is optional;
  - c) all back contributions are paid by the employee but participation is optional.

Former employees who are current PERS members may purchase past service credit by paying both employer and employee contributions plus interest.

**Votes on Final Passage:**

House	96	0	
Senate	40	0	(Senate amended)
House	97	0	(House concurred)

**Effective:** July 23, 1995