

# HOUSE BILL REPORT

## HB 1548

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### **As Passed House:**

February 23, 2009

**Title:** An act relating to interruptive military service credit within plans 2 and 3 of the public employees' retirement system, plans 2 and 3 of the school employees' retirement system, plans 2 and 3 of the teachers' retirement system, plan 2 of the law enforcement officers' and firefighters' retirement system, plan 2 of the Washington state patrol retirement system, and the public safety employees' retirement system.

**Brief Description:** Addressing interruptive military service credit within plans 2 and 3 of the public employees' retirement system, plans 2 and 3 of the school employees' retirement system, plans 2 and 3 of the teachers' retirement system, plan 2 of the law enforcement officers' and firefighters' retirement system, plan 2 of the Washington state patrol retirement system, and the public safety employees' retirement system.

**Sponsors:** Representatives Bailey, Conway, Seaquist, Crouse, Kenney, Kelley, Simpson, Morrell and Ormsby; by request of Select Committee on Pension Policy and LEOFF Plan 2 Retirement Board.

### **Brief History:**

#### **Committee Activity:**

Ways & Means: 2/2/09, 2/10/09 [DP].

#### **Floor Activity**

Passed House: 2/23/09, 91-1.

#### **Brief Summary of Bill**

- Eliminates the requirement that members make contributions for interruptive military service upon return to state service if that service is during a period of war.
- Refunds past member contributions for interruptive military service, if that military service was rendered during a period of war.
- Provides that where a member died during interruptive military service during a time of war, the survivor does not have to pay for the cost of the military service credit.

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

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## HOUSE COMMITTEE ON WAYS & MEANS

**Majority Report:** Do pass. Signed by 21 members: Representatives Linville, Chair; Ericks, Vice Chair; Alexander, Ranking Minority Member; Bailey, Assistant Ranking Minority Member; Dammeier, Assistant Ranking Minority Member; Chandler, Cody, Conway, Darneille, Haigh, Hunt, Hunter, Kagi, Kenney, Kessler, Pettigrew, Priest, Ross, Schmick, Seaquist and Sullivan.

**Staff:** David Pringle (786-7310)

### **Background:**

A member of the Law Enforcement Officers' and Fire Fighters' Retirement System Plan 2 (LEOFF 2), Public Employees' Retirement System Plan 2 or 3 (PERS 2/3), Public Safety Employees' Retirement System Plan 2 (PSERS 2), School Employees' Retirement System Plan 2 or 3 (SERS 2/3), Teachers' Retirement System Plan 2 or 3 (TRS 2/3), or the Washington State Patrol Retirement System Plan 2 (WSPRS 2) who leaves employment to enter the armed forces of the United States may receive up to five years of retirement system service credit. These provisions are administered consistent with the governing federal law, the Uniform Services Employment and Re-employment Rights Act (USERRA).

To receive interruptive military service credit, the member must resume retirement system-covered service within one year of the end of his or her service in the armed forces. If a member applies but is refused reemployment within one year, then the member must resume retirement system-covered employment within 10 years.

Following re-employment in a retirement system-covered position, a member may have up to five years of military service credited to his or her retirement system if they pay the employee contributions. Depending on when the military service was completed, the member may or may not have been required to also pay interest on the contributions. The contributions are based on the average of the member's compensation at the time the member left employment to join the armed forces and at the time the member resumed employment, and payment must be completed within five years following either the first resumption of state employment or accumulation of 25 years of service credit.

In the event that a member is not reemployed in a retirement system-covered position following his or her military service, the member cannot elect to pay the required employee contributions and interest and receive retirement system service credit for service in the armed forces. If a member cannot be reemployed due to death or total disablement while serving in the military, then the service credit may be purchased by the member or survivor.

There are several definitions of veteran in state law. For certain types of veterans' benefits that require service during a time of war, the definition in RCW 41.04.005 applies. It limits veterans to those in specified uniformed services and honorably discharged, serving honorably, or discharged for physical reasons with an honorable record. The section also defines "period of war" by listing specific conflicts, including World War I, World War II, the Korean conflict, the Vietnam era, the Persian Gulf War, and any future period beginning on the date of a future declaration of war by Congress and ending on the date of a

Presidential proclamation or resolution by Congress. Additional armed conflicts are included where the individual was awarded the respective campaign badge or medal.

**Summary of Bill:**

A member of LEOFF 2, PERS 2/3, PSERS 2, SERS 2/3, TRS 2/3, or WSPRS 2 that provides proof to the Director of the Department of Retirement Systems that the member's interruptive military service credit was earned during a time of war may receive up to five years of interruptive military service credit without paying contributions. A member that similarly provides proof about past interruptive military service credit prior to retirement may request a refund of the funds paid by the member for such service.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.

**Staff Summary of Public Testimony:**

(In support) In LEOFF Plan 2, it is projected there will be approximately three duty-related deaths each year. The benefit was originally created in 1997 after the Pang warehouse tragedy, and was expanded to include all the plans, but was never increased. The LEOFF 2 Board and the Select Committee on Pension Policy have worked on several bills to increase the benefit, but were very conscious of the budget problem facing the Legislature this year – this bill does not impact pension contribution rates this biennium, and has only a very small impact in LEOFF Plan 2 next biennium because there are more duty-related deaths in LEOFF Plan 2.

(Opposed) None.

**Persons Testifying:** Steve Nelsen, Law Enforcement Officers and Firefighters Plan 2 Retirement Board.

**Persons Signed In To Testify But Not Testifying:** None.