

HOUSE BILL REPORT

HB 2241

As Reported By House Committee On:

Appropriations

Title: An act relating to implementing the military service credit requirements of the federal uniformed services employment and reemployment act.

Brief Description: Determining retirement system service credit for military service.

Sponsors: Representatives H. Sommers, Carlson and Cooke; by request of Department of Retirement Systems.

Brief History:

Committee Activity:

Appropriations: 1/16/96, 1/30/96 [DP].

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: Do pass. Signed by 31 members: Representatives Huff, Chairman; Clements, Vice Chairman; Pelesky, Vice Chairman; H. Sommers, Ranking Minority Member; Valle, Assistant Ranking Minority Member; Basich; Beeksma; Brumsickle; Carlson; Chappell; Cooke; Crouse; Dellwo; Dyer; Foreman; Grant; Hargrove; Hickel; Jacobsen; Kessler; Lambert; Linville; McMorris; Poulsen; Reams; Rust; Sehlin; Sheahan; Silver; Talcott and Wolfe.

Staff: Elissa Benson (786-7191).

Background: The Uniformed Services Employment and Reemployment Rights Act (USERRA) was enacted by Congress in 1994 to replace the Veterans Reemployment Rights law, which had governed the reemployment rights of veterans since 1940. Under USERRA, members of defined benefit plans who leave employment for active military service must receive retirement service credit for up to five years of active military service. The retirement plan can require the member to pay member contributions as a condition of receiving the service credit, but may not charge interest on the contributions if paid during the repayment period provided under USERRA. Further, the compensation used to calculate member contributions for periods of military leave should be the compensation the member would have earned if not on leave, or if that cannot be estimated, the compensation earned in the year prior to when the military leave was taken.

Under current law, a member of the Law Enforcement Officers' and Fire Fighters' Retirement System Plan II (LEOFF II), Public Employees' Retirement System Plan II (PERS II), or Teachers' Retirement System Plan II or III (TRS II or III) who leaves employment to enter the armed forces of the United States may receive up to four years of retirement system service credit. To receive this service credit, the member must pay the employee contributions plus interest. 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.

State law therefore differs from the federal law in three respects. First, federal law requires that members receive five years service credit. Second, federal law prohibits requiring members whose service is interrupted to be required to pay interest. Third, the base compensation used to calculate any necessary employee contributions is different.

Summary of Bill: A member of the LEOFF II, PERS II, or TRS II or III who leaves employment to enter the armed forces of the United States may receive up to five years of retirement system service credit. Members must pay the employee contributions to receive service credit, based on the compensation the member would have earned if not on leave; however, the member is not required to pay interest on this amount. If this compensation cannot be estimated with reasonable certainty, the contributions will be based on the member's compensation in the year prior to the member's going on military leave.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect on July 1, 1996.

Testimony For: None.

Testimony Against: None.

Testified: None.