

HOUSE BILL REPORT

HB 1261

As Reported by House Committee On: Appropriations

Title: An act relating to purchasing service credit for periods of temporary duty disability in the law enforcement officers' and fire fighters' retirement system plan 2, the teachers' retirement system, the school employees' retirement system, and the public safety employees' retirement system.

Brief Description: Purchasing service credit for periods of temporary duty disability in the law enforcement officers' and fire fighters' retirement system plan 2, the teachers' retirement system, the school employees' retirement system, and the public safety employees' retirement system.

Sponsors: Representatives Crouse, Fromhold, Conway, Kenney, Ericks, Simpson, McDonald, Moeller, Campbell and Pearson; by request of Select Committee on Pension Policy and LEOFF Plan 2 Retirement Board.

Brief History:

Committee Activity:

Appropriations: 1/23/07, 1/29/07 [DPS].

Brief Summary of Substitute Bill

- Permits members of the Teachers' Retirement System (TRS), the School Employees' Retirement System (SERS), the Public Safety Employees' Retirement System (PSERS), and the Law Enforcement Officers' and Fire Fighters' Retirement System Plan 2 (LEOFF 2) to purchase up to 24 consecutive months of service credit for periods of temporary duty-related disability.
- Must be receiving state or federal, or similar workers' compensation benefits, and employee and employer contributions, plus interest, shall be collected for the period of disability based on the salary that the employee would have received had the disability not occurred.
- Purchases of service credit for periods of duty-related disability are not provided to members as a contractual right.

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.

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 33 members: Representatives Sommers, Chair; Dunshee, Vice Chair; Alexander, Ranking Minority Member; Bailey, Assistant Ranking Minority Member; Haler, Assistant Ranking Minority Member; Anderson, Buri, Chandler, Cody, Conway, Darneille, Dunn, Ericks, Fromhold, Grant, Haigh, Hinkle, Hunt, Hunter, Kagi, Kenney, Kessler, Kretz, Linville, McDermott, McDonald, McIntire, Morrell, Pettigrew, Priest, Schual-Berke, Seaquist and Walsh.

Staff: David Pringle (786-7310).

Background:

The provisions for a state or local government employee to purchase service credit for time spent away from work due to an on-the-job injury vary depending on the retirement system to which the employee belongs.

Members of Plan 2 of the Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF 2) may receive up to six consecutive months of service credit for each temporary duty-related disability period. Members may purchase the service credit for each period by paying the member contributions for the period. The employer and state are also required to pay the employer contributions due for the period of disability. Members who are injured longer than six consecutive months may purchase the service credit for the period beyond six months by paying the member and employer contributions, plus interest.

Members of the School Employees' Retirement System (SERS) and the Public Safety Employees' Retirement Systems (PSERS) may purchase up to 12 consecutive months of service credit for each period of temporary duty-disability. Members must have received time-loss benefits from the Department of Labor and Industries, and they must pay the member contributions plus interest for the temporary duty-disability period. After the member pays their contributions plus interest, the member's employer is billed for the employer contributions plus interest.

In the Public Employees' Retirement System, a purchase of service credit for a period of duty-related disability is on the same terms as in SERS and PSERS; however, the 2005 Legislature increased the length of time for which service credit could be purchased in PERS for an occurrence of duty-related disability from 12 consecutive months to 24 consecutive months.

The Teachers' Retirement System (TRS) does not provide for the purchase of service credit for temporary duty-disability periods.

Summary of Substitute Bill:

Members of PSERS, SERS, TRS, and LEOFF 2 are permitted to purchase up to 24 consecutive months of service credit for periods of temporary duty-related disability. A member purchasing service credit must pay the contributions, plus interest as determined by the Director of the Department of Retirement Systems, for the service that would have been made had the member been active and making contributions at the rates in effect during the period of disablement, and on the regular compensation that the member would have received. The employer and or state shall also pay contributions for the applicable service being purchased.

In LEOFF 2, only periods of service unearned due to a duty disablement that occurred on or after July 1, 2002, are eligible for purchase.

The Legislature reserves the right to revoke the service credit authorized under each plan, and no employee is entitled to receive the credit as a matter of contractual right.

Substitute Bill Compared to Original Bill:

The substitute bill takes effect 90 days after adjournment of session in which bill is passed, while the original bill contained an emergency clause that brought the bill into effect July 1, 2007.

Appropriation: None.

Fiscal Note: Available.

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

Staff Summary of Public Testimony:

(In support) Thank you to the Select Committee on Pension Policy, which worked jointly with the LEOFF 2 Board in recommending this bill to the Legislature this year.

(Opposed) None.

Persons Testifying: Steve Nelson, Law Enforcement Officers' and Fire Fighters' Plan 2 Retirement Board.

Persons Signed In To Testify But Not Testifying: None.