

HOUSE BILL REPORT

SSB 5355

As Reported by House Committee On: Appropriations

Title: An act relating to recovering service credit withdrawn from the public employees' retirement system for certain law enforcement officers and firefighters.

Brief Description: Recovering service credit withdrawn from the public employees' retirement system for certain law enforcement officers and firefighters.

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senators Holy and Van De Wege; by request of LEOFF Plan 2 Retirement Board).

Brief History:

Committee Activity:

Appropriations: 3/18/19, 4/3/19 [DP].

Brief Summary of Substitute Bill

- Allows a law enforcement officer or firefighter to transfer service credits earned in a different retirement system into the Law Enforcement Officers' and Fire Fighters' Retirement System Plan 2, under specific circumstances.

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: Do pass. Signed by 31 members: Representatives Ormsby, Chair; Bergquist, 2nd Vice Chair; Robinson, 1st Vice Chair; Stokesbary, Ranking Minority Member; MacEwen, Assistant Ranking Minority Member; Rude, Assistant Ranking Minority Member; Caldier, Chandler, Cody, Dolan, Dye, Fitzgibbon, Hoff, Hudgins, Jinkins, Kraft, Macri, Mosbrucker, Pettigrew, Pollet, Ryu, Schmick, Senn, Stanford, Steele, Sullivan, Sutherland, Tarleton, Tharinger, Volz and Ybarra.

Staff: David Pringle (786-7310).

Background:

Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF) Plan 1 required law enforcement officers and firefighters to meet minimum medical requirements to be

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eligible for membership in the plan. The standards were adopted by the Department of Retirement Systems (DRS) and included requirements for, but not limited to, weight, height, hearing, and vision. Failing to meet the minimum medical requirements did not prevent someone from being hired but did prevent them from being a member of the LEOFF Plan 1 retirement.

If a law enforcement officer or firefighter was not eligible for LEOFF Plan 1 because of failing to meet the minimum medical and health standards, they were typically enrolled in the Public Employees' Retirement System (PERS). However, prior to 1994, those employees working for cities or towns having more than two law enforcement officers or firefighters were not eligible for membership in any pension system the city had available for its employees, which included PERS. This exception created a class of law enforcement officers and firefighters who were not in a pension system.

Law enforcement officers and firefighters who began service on or after October 1, 1977, were enrolled in LEOFF Plan 2. The LEOFF Plan 2 does not impose any minimum medical and health standards. Instead, employers had their own minimum medical and health standards. In 1981 law enforcement officers and firefighters who were not eligible for LEOFF Plan 1 due to failing to meet the minimum medical and health standards were provided with an opportunity to opt-in to LEOFF Plan 2.

In 1994 the Legislature passed Engrossed Substitute House Bill (ESHB) 2643, which stated the exclusion of members who failed to meet the minimum medical and health standards from PERS was not what the Legislature intended. This bill was retroactive, making those law enforcement officers and firefighters who were not eligible for LEOFF Plan 1 and who had not opted into LEOFF Plan 2 during the 1981 window, eligible for membership in PERS back to the date they entered an eligible position. If a law enforcement officer or firefighter qualified for PERS membership under this bill, their membership was mandatory. Employers were required to pay employer contributions for past and current service credit. Members were required to pay past and current member contributions, and were given payment plan options. If a vested member separated from service before paying their past contributions, the member was given two benefit options: withdraw contributions and forgo a pension, or receive a reduced pension benefit once the member is eligible to retire.

Summary of Bill:

A past or current law enforcement officer or firefighter may transfer service credit earned in PERS as a law enforcement officer or firefighter to LEOFF Plan 2, if they:

- were excluded from membership in LEOFF Plan 1 and PERS due to a failure to meet minimum medical and health standards;
- were enrolled into PERS after the enactment of ESHB 2643;
- separated from service prior to paying back contribution;
- withdrew their contributions; and
- were not informed of the option to take an actuarially reduced pension.

The option to transfer service credit is irrevocable and must be made by July 1, 2020. Benefits are prospective and begin in the month the application is received by the DRS. The member must pay all the member contributions owed, without interest, by taking an actuarial reduction to their benefit or by making a lump sum payment. Any employer contributions made to PERS for this employee must be transferred to LEOFF Plan 2. Neither the employer or the member is required to pay the difference between the PERS and LEOFF Plan 2 rate.

Any benefit claimed by the transfer of service credit and contributions is effective prospectively from the month the application is received by the DRS.

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) Going back in history a little reveals a convoluted story associated with this bill. But there is a law enforcement officer who, after a 25-year career, was left with no pension. This bill fixes that unusual circumstance and leaves no one behind. The LEOFF 2 is well funded and this will have no impact on the contribution rates for the plan. This bill deals with a narrow issue that is anticipated to impact only one individual. The bill is a request of the LEOFF 2 Retirement Board.

(Opposed) None.

Persons Testifying: Senator Holy, prime sponsor; and Jacob White, Law Enforcement Officers' and Fire Fighters' Plan 2 Retirement Board.

Persons Signed In To Testify But Not Testifying: None.