

SENATE BILL REPORT

EHB 1336

As of March 12, 2023

Title: An act relating to splitting the volunteer firefighters' and reserve officers' relief and pension principal fund into two accounts.

Brief Description: Splitting the volunteer firefighters' and reserve officers' relief and pension principal fund into two accounts.

Sponsors: Representatives Stokesbary, Springer, Reeves, Graham and Lekanoff; by request of Board for Volunteer Fire Fighters.

Brief History: Passed House: 3/2/23, 96-0.

Committee Activity: Ways & Means: 3/13/23.

Brief Summary of Bill

- Divides the Volunteer Firefighters' and Reserve Officers' Relief and Pension System into two separate plans, one for volunteer firefighters and one for reserve officers.
- Allows rate increases and benefit enhancements enacted in 2020 to go into effect.

SENATE COMMITTEE ON WAYS & MEANS

Staff: Amanda Cecil (786-7460)

Background: The Volunteer Firefighters' and Reserve Officers' Relief and Pension System (system) provides death, disability, medical, and retirement benefits to volunteer firefighters, reserve officers, and emergency medical workers in cities, towns, and fire protection districts. The system is funded by member and employer contributions and 40 percent of the fire insurance premium tax.

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

Employers are required to pay \$30 per year for each eligible volunteer firefighter for death, disability, and medical benefit plans. Employers may elect to provide the same relief coverage for reserve officers and those that do must pay \$45 per year for each eligible member.

Participation in the pension component is optional and requires an annual payment of \$60 per member that is split evenly between the employer and the member.

Eligibility for pension benefits begins after ten years of service as a member. The amount of the pension increases for each five years of service beyond the minimum ten years up to a maximum of 25 years of service. Full retirement benefits are available at age 65, and early retirement benefits are available to members with 25 years of service on an actuarially reduced basis beginning at age 60. The maximum pension benefit is \$300 per month.

In the 2020 legislative session ESSB 5829 was enacted, which increased fees and retirement benefits beginning the later of July 1, 2020, or on the date that notice was received from the IRS that the system provisions met requirements to qualify for tax advantage status. Following the 2020 session, the system was denied a qualified status due to the inclusion of reserve law enforcement officers as they are not recognized in the IRS definition of a bona fide volunteer.

Had the provisions of ESSB 5829 gone in to effect, the maximum monthly pension paid to members of the system would have increased from \$300 to \$350. The maximum benefit of \$350 would have increased by \$10 per month for each year that the retirement fee is paid beyond 25 years. The annual disability relief fee for each fire department member of the system would have increased from \$30 to \$50 and the fee for emergency workers and reserve officers would have increased from \$30 to \$45. The annual pension fee for fire departments would have increased from \$60 to \$90 and the fee paid by emergency medical service districts and municipal corporations would have increased from \$30 to \$45.

Summary of Bill: The system is divided into two separate systems, one for volunteer firefighters and emergency medical workers, and one for reserve officers.

Any tax liability imposed on members or beneficiaries as a result of this act will be paid by the principal fund for the appropriate plan.

Fee and benefit increases enacted in ESSB 5829 will go into effect when the board receives notice from the IRS that the Volunteer Firefighters plan is a qualified employee benefit plan.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: The bill contains several effective dates. Please refer to the bill.