

HOUSE BILL REPORT

2SSB 5102

As Passed House:

April 12, 1999

Title: An act relating to distribution of the fire insurance premium tax to contribute toward the funding of fire fighting training and volunteer fire fighter pensions.

Brief Description: Funding fire fighter training and pensions.

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senators Haugen, Snyder, Winsley, Goings, Gardner, T. Sheldon, Bauer, Rasmussen, Hale, McCaslin, Sellar, Swecker, Patterson, Morton, Prentice, Oke, Kohl-Welles and Costa).

Brief History:

Committee Activity:

Appropriations: 4/5/99 [DP].

Floor Activity:

Passed House: 4/12/99, 89-5.

Brief Summary of Second Substitute Bill

- Enhances the retirement benefits provided to volunteer fire fighters.
- Requires reimbursement to fire districts and cities of at least \$2 per hour for the first 150 hours of training.
- Transfers a portion of the fire insurance premium tax to the fire services training account.

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: Do pass. Signed by 32 members: Representatives Huff, Republican Co-Chair; H. Sommers, Democratic Co-Chair; Alexander, Republican Vice Chair; Doumit, Democratic Vice Chair; D. Schmidt, Republican Vice Chair; Barlean; Benson; Boldt; Carlson; Clements; Cody; Crouse; Gombosky; Grant; Kagi; Keiser; Kenney; Kessler; Lambert; Linville; Lisk; Mastin; McIntire; McMorris; Mulliken; Parlette; Regala; Rockefeller; Ruderman; Sullivan; Tokuda and Wensman.

Staff: Denise Graham (786-7137) and Dave Johnson (786-7154).

Background:

Fire Fighter Training. The Washington State Patrol (WSP) provides fire fighter training at its training academy in North Bend. The patrol currently charges fire departments and fire districts fees to offset the cost of training. Fire departments may use the training academy or acquire training services from some other source.

Volunteer Fire Fighter Pensions. The Volunteer Fire Fighters' Retirement System (VFFRS) Trust Fund is funded primarily through revenue generated by a 2 percent tax on fire insurance premiums, 40 percent of which is earmarked for VFFRS purposes. Unlike other public pension systems in Washington, the dollar amounts for VFFRS pensions are set in statute. The Legislature periodically amends those statutes to increase the pension amount. This was last done in 1992.

Under current law a volunteer fire fighter is eligible for a maximum monthly pension of \$225 beginning at age 65 if the volunteer has 25 or more years of service. If a member retires prior to age 65 and/or with less than 25 years of service, his or her pension is reduced.

City share of fire insurance premium tax. Certain cities and fire districts also receive a share of the 2 percent tax on fire insurance premiums. Forty-five percent of the revenue from the tax is distributed to eligible cities and fire districts with full-time fire fighters. The tax revenue is distributed based upon the number of full-time fire fighters currently employed by the employer. The revenue may be used to pay expenses incurred under the pre-1970 city fire fighter retirement system and for retiree medical expenses incurred for fire fighters retired under the Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF) Plan 1.

Some cities are still obligated to pay pensions under the pre-LEOFF system for fire fighters who retired under that system prior to March 1970. Some cities are also responsible for some bridge payments for persons who started under the pre-LEOFF system and retired under LEOFF Plan 1. Cities are also responsible for certain medical benefits statutorily granted to LEOFF Plan 1 retirees.

Summary of Bill:

The State Fire Protection Policy Board of the WSP must develop a plan for making fire fighter 1 training available to all fire fighters in the state. The plan must include a minimum reimbursement of \$2 for every hour of fire fighter 1 training actually received, up to 150 hours.

This training program is funded by reallocating 20 percent of the revenue generated by the fire insurance premium tax to the fire services training account. The fire insurance premiums tax distributed to cities and fire districts is reduced from 45 percent of revenues to 20 percent.

Volunteer fire fighter pensions are increased as follows:

<u>Benefit Components Level</u>	<u>Current Benefit Level</u>	<u>Proposed Benefit</u>
Base Benefit for all retirees	\$25/month	\$30/month
Incremental pension per year of service	\$ 8/month	\$10/month
Maximum benefit	\$225/month	\$280/month

The reductions for retirement before age 65, retirement with less than 25 years of service, or both, are reduced, resulting in larger pensions for persons who retire early. A member's estate is added as a death beneficiary if the member does not have dependent parents or children. If a member's survivor beneficiary predeceases the member, the member's benefit increases to the amount it would have been had the member not chosen a survivor benefit.

Appropriation: None.

Fiscal Note: Available.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For: This bill addresses two top priorities of the Washington Fire Commissioners Association and the Washington Fire Service Caucus. Eighty percent of fire districts are volunteer and do not have the money for travel and other expenses to get to the fire training center; this provides regional training centers so these districts will not have travel costs. The second priority is increasing volunteer fire fighter pensions. Even with the increases, the fund would remain actuarially sound and there is no fiscal impact on the state. There has only been one increase since the early 1980s.

Testimony Against: None.

Testified: Ryan Spiller and Roger Ferris, Washington Fire Commissioners Association.