

HOUSE BILL REPORT

HB 1200

As Passed House:

February 28, 2003

Title: An act relating to correcting retirement system statutes.

Brief Description: Correcting retirement system statutes.

Sponsors: By Representatives Conway, Pflug and Cooper; by request of Joint Committee on Pension Policy.

Brief History:

Committee Activity:

Appropriations: 2/11/03, 2/13/03 [DP].

Floor Activity:

Passed House: 2/28/03, 95-0.

Brief Summary of Bill

- Makes technical corrections to the state retirement systems laws, including correcting cross-references, incorrect omissions of reference to the School Employees' Retirement Systems and the Public Employees' Retirement Systems, corrects duplicate language, and conforms Department of Retirement Systems statutes with current administrative practices.

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: Do pass. Signed by 26 members: Representatives Sommers, Chair; Fromhold, Vice Chair; Sehlin, Ranking Minority Member; Pearson, Assistant Ranking Minority Member; Alexander, Buck, Clements, Cody, Conway, Cox, DeBolt, Dunshee, Grant, Hunter, Kagi, Kenney, Kessler, Linville, McDonald, McIntire, Miloscia, Pflug, Ruderman, Schual-Berke, Sump and Talcott.

Staff: David Pringle (786-7310).

Background:

Omitted cross-references to the School Employees' Retirement System.

The law authorizing employers to implement "employer pick up" of all member contributions references all systems except the School Employees' Retirement System (SERS). Also, unlike the Public Employees' Retirement System (PERS) and the Teachers' Retirement System (TRS), the SERS is not listed among those plans to which members of the Law Enforcement Officers' and Fire Fighters' Retirement System Plan 1 (LEOFF 1) may irrevocably elect to transfer their LEOFF 1 service.

Erroneous cross-references.

A cross-reference in the LEOFF 2 survivor benefits provisions does not clearly reference the applicable subsection of the LEOFF 2 retirement age rules.

A cross-reference in the PERS 3 gain sharing law incorrectly refers to a definition for "retiree" in the PERS chapter, rather than the equivalent definition in the defined contribution chapter. A reference in the SERS application for retirement section to a section on the right to a hearing should instead be to the section on eligibility for a retirement allowance.

A cross-reference in the Pension Funding Council (PFC) relating to the amortization period for Plan 1 is erroneous because of amendments to the same section during the 2001 session.

Necessary cross-references to the separate single-life benefits payable to the ex-spouse of members are missing from the Department of Retirement Systems (DRS) rules on payments after the death of a member.

There is an inadvertent omission of cross-reference to the PERS Plan 3 in the portability of benefits chapter.

A reference to Washington State Patrol Retirement Systems (WSPRS) disability benefits is inaccurate, as the change to the disability benefits was vetoed.

Administrative funding language does not reflect current practice.

The funding for the Office of the State Actuary (OSA) is provided by the Legislature as an appropriation from the DRS expense fund. Current law states that funding for the OSA is provided by reimbursement for services to the DRS, paid from the DRS expense fund.

Several sections contain inadvertently duplicated language.

A payment options section in the PERS 2 erroneously refers to distributions from the PERS 3 gain-sharing following divorces, which cannot occur. Some language on the same issue was duplicated in the PERS 3 payment options language, and some was

erroneously amended into the equivalent section of the PERS 2.

The WSPRS rules on the payment of accumulated contributions to survivors upon the member's death are erroneously duplicated.

The WSPRS service credit transfer provisions are unclear.

Language dealing with the transfer of certain service credit from the PERS to the WSPRS is unclear on the return of contributions to members in the event that the transfer payment is not completed.

Summary of Bill:

Omitted cross-references to the School Employees' Retirement System.

The SERS is added to the list of systems that allow "employer pick up" of contributions, and to the list of systems into which former LEOFF 1 members may transfer service credit.

Erroneous cross-references.

The erroneous cross-references in the LEOFF 2 survivor benefits section, the PERS 3 gain-sharing section, the SERS application for retirement section and the PFC section related to amortization of the unfunded Plan 1 liabilities are corrected.

Correct cross-references are added to the separate single-life benefits provisions in the DRS rules on the payment of divided benefits following the death of a member, and to the PERS 3 in the list of plans covered by the portability rules.

The reference to disability benefits in the WSPRS is corrected to match the change created by the Governor's veto in 2001.

Administrative funding language does not reflect current practice.

The funding provisions for the OSA are changed to reflect current budgeting practice.

Several sections contain inadvertently duplicated language.

Duplicate language is removed from the PERS 3 rules on distributions following divorces and the WSPRS rules on repayment of accumulated contributions.

The WSPRS service credit transfer provisions are unclear.

The WSPRS service credit transfer language related to return of member contributions in the event that the member does not complete the transfer payments is clarified.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of session in which bill is passed, except for section 4, which takes effect January 1, 2004.

Testimony For: None.

Testimony Against: None.

Testified: None.