

CERTIFICATION OF ENROLLMENT

**SUBSTITUTE HOUSE BILL 2688**

Chapter 350, Laws of 2006

(partial veto)

59th Legislature  
2006 Regular Session

**LEOFF RETIREMENT SYSTEM--ALLOWANCE**

EFFECTIVE DATE: 7/1/06

Passed by the House March 8, 2006  
Yeas 75 Nays 23

FRANK CHOPP

**Speaker of the House of Representatives**

Passed by the Senate March 8, 2006  
Yeas 34 Nays 6

BRAD OWEN

**President of the Senate**

Approved March 30, 2006, with the  
exception of section 2, which is vetoed.

CHRISTINE GREGOIRE

**Governor of the State of Washington**

CERTIFICATE

I, Richard Nafziger, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **SUBSTITUTE HOUSE BILL 2688** as passed by the House of Representatives and the Senate on the dates hereon set forth.

RICHARD NAFZIGER

**Chief Clerk**

FILED

March 30, 2006 - 3:17 p.m.

**Secretary of State  
State of Washington**

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**SUBSTITUTE HOUSE BILL 2688**

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AS AMENDED BY THE SENATE

Passed Legislature - 2006 Regular Session

**State of Washington                      59th Legislature                      2006 Regular Session**

**By** House Committee on Appropriations (originally sponsored by Representatives Fromhold, Conway, Lovick, Kenney, Quall, Simpson, Ormsby, Moeller and Ericks; by request of Select Committee on Pension Policy)

READ FIRST TIME 01/31/06.

1            AN ACT Relating to the law enforcement officers' and fire fighters'  
2 retirement system plan 1; amending RCW 41.26.100; creating a new  
3 section; providing an effective date; and providing an expiration date.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5            **Sec. 1.** RCW 41.26.100 and 1991 c 343 s 16 are each amended to read  
6 as follows:

7            A member upon retirement for service shall receive a monthly  
8 retirement allowance computed according to his or her completed  
9 creditable service credit years of service as follows: Five years but  
10 under ten years, one-twelfth of one percent of his or her final average  
11 salary for each month of service; ten years but under twenty years,  
12 one-twelfth of one and one-half percent of his or her final average  
13 salary for each month of service; and twenty years and over one-twelfth  
14 of two percent of his or her final average salary for each month of  
15 service: PROVIDED, That the recipient of a retirement allowance who  
16 shall return to service as a law enforcement officer or fire fighter  
17 shall be considered to have terminated his or her retirement status and  
18 he or she shall immediately become a member of the retirement system  
19 with the status of membership he or she had as of the date of

1 retirement. Retirement benefits shall be suspended during the period  
2 of his or her return to service and he or she shall make contributions  
3 and receive service credit. Such a member shall have the right to  
4 again retire at any time and his or her retirement allowance shall be  
5 recomputed, and paid, based upon additional service rendered and any  
6 change in final average salary(~~(; PROVIDED FURTHER, That no retirement~~  
7 ~~allowance paid pursuant to this section shall exceed sixty percent of~~  
8 ~~final average salary, except as such allowance may be increased by~~  
9 ~~virtue of RCW 41.26.240, as now or hereafter amended)).~~

10 **\*NEW SECTION.** *Sec. 2. (1) The governor shall establish a joint*  
11 *executive task force on funding postretirement medical benefits for*  
12 *members of plan 1 of the law enforcement officers' and fire fighters'*  
13 *retirement system. The joint task force shall consist of seven*  
14 *members: The director of the department of retirement systems; the*  
15 *administrator of the health care authority; the state actuary; one*  
16 *representative of Washington cities, appointed by the governor; one*  
17 *representative of Washington counties, appointed by the governor; one*  
18 *active member of plan 1 of the law enforcement officers' and fire*  
19 *fighters' retirement system, appointed by the governor; and one retired*  
20 *member of plan 1 of the law enforcement officers' and fire fighters'*  
21 *retirement system, appointed by the governor.*

22 *(2) The joint task force shall elect one of its members to serve as*  
23 *chair of the joint task force.*

24 *(3) Joint task force members may be reimbursed for travel expenses*  
25 *as authorized under RCW 43.03.050 and 43.03.060.*

26 *(4) It is the intent of the legislature to create a funding vehicle*  
27 *to assist employers in providing postretirement medical benefits for*  
28 *members of plan 1 of the law enforcement officers' and fire fighters'*  
29 *retirement system. To that end, the joint task force is charged with*  
30 *reviewing private and public funding vehicles that would accept*  
31 *voluntary tax-advantaged employer contributions and permissible*  
32 *transfers of excess pension assets. The task force shall select one or*  
33 *more appropriate funding vehicles and coordinate with all necessary*  
34 *parties to achieve implementation. To the extent that further*  
35 *legislative authority is required for the implementation, the task*  
36 *force shall make its recommendations for proposed legislation to the*  
37 *appropriate committees of the legislature by no later than September 1,*

1 2006. The task force shall submit its final report to the governor and  
2 appropriate committees of the legislature by no later than December 1,  
3 2006.

4 (5) The joint task force will evaluate the June 30, 2000,  
5 suspension of employer and member contributions in the law enforcement  
6 officers' and fire fighters' retirement system plan 1. The joint task  
7 force shall make its recommendations regarding employer and member  
8 contributions utilizing the most recent valuation study for the plan.

9 (6) This section expires December 1, 2006.

\*Sec. 2 was vetoed. See message at end of chapter.

10 NEW SECTION. Sec. 3. Section 1 of this act takes effect July 1,  
11 2006.

Passed by the House March 8, 2006.

Passed by the Senate March 8, 2006.

Approved by the Governor March 30, 2006, with the exception of  
certain items that were vetoed.

Filed in Office of Secretary of State March 30, 2006.

Note: Governor's explanation of partial veto is as follows:

"I am returning, without my approval as to Section 2, Substitute  
House Bill No. 2688 entitled:

"AN ACT Relating to the law enforcement officers' and fire  
fighters' retirement system plan 1."

Local governments face challenges in providing health care benefits  
for retired members of the Law Enforcement Officers' and  
Firefighters' Retirement System Plan 1 (LEOFF 1). The cost of these  
benefits can be significant, especially for smaller jurisdictions.  
It is sensible for the state to assist local governments in their  
search for ways to address this obligation in the most efficient way  
possible. However, a thorough and careful review of options will  
take longer than provided in the bill, and will need to include a  
broader range of possibilities. The bill also charges a task force to  
study the use of excess pension assets to provide health care  
coverage. Notwithstanding potential legal barriers to this use of  
pension assets, the current financial situation of the LEOFF 1  
pension plan clearly does not support this option.

While I am vetoing Section 2, I am directing the Department of  
Retirement Systems and the Health Care Authority to lay the  
groundwork for study of this issue, and to consult plan members and  
representatives of local governments in their work.

For these reasons, I have vetoed Section 2 Substitute House Bill No.  
2688

With the exception of Section 2, Substitute House Bill No. 2688 is  
approved."