

HOUSE BILL REPORT

SHB 1953

As Passed House:

March 6, 2009

Title: An act relating to allowing department of fish and wildlife enforcement officers to transfer service credit.

Brief Description: Allowing department of fish and wildlife enforcement officers to transfer service credit.

Sponsors: House Committee on Ways & Means (originally sponsored by Representatives Conway, Bailey, Seaquist, Hurst, Van De Wege, Green, Simpson, Crouse, Orcutt, Ormsby, Williams and Hinkle; by request of Select Committee on Pension Policy and LEOFF Plan 2 Retirement Board).

Brief History:

Committee Activity:

Ways & Means: 2/17/09, 3/2/09 [DPS].

Floor Activity

Passed House: 3/6/09, 95-0.

Brief Summary of Substitute Bill

- Permits the Department of Fish and Wildlife enforcement officers with service credit earned as enforcement officers in the Public Employees' Retirement System Plan 2 or Plan 3 (PERS 2/3) to transfer the service to the Law Enforcement Officers' and Fire Fighters' Retirement System Plan 2 (LEOFF 2) by December 31, 2009.
- Requires the enforcement officer transferring service credit to pay the greater of the difference in contributions that the member made to PERS 2/3 and what the member would have made had the service been rendered in LEOFF 2, plus interest, or the entire balance of the member's PERS 3 defined contribution account.

HOUSE COMMITTEE ON WAYS & MEANS

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass.
Signed by 22 members: Representatives Linville, Chair; Ericks, Vice Chair; Alexander,

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Ranking Minority Member; Bailey, Assistant Ranking Minority Member; Dammeier, Assistant Ranking Minority Member; Chandler, Cody, Conway, Darneille, Haigh, Hinkle, Hunt, Hunter, Kagi, Kenney, Kessler, Pettigrew, Priest, Ross, Schmick, Seaquist and Sullivan.

Staff: David Pringle (786-7310)

Background:

The Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF) provides retirement benefits to full-time general authority law enforcement officers and firefighters throughout Washington. To be eligible for LEOFF as a law enforcement officer, an employee must: (1) work for a governmental entity that meets the definition of a general authority law enforcement agency; (2) be a general authority law enforcement officer; and (3) meet the training or other requirements of his or her job. All employees first employed in LEOFF-eligible positions since 1977 have been enrolled in LEOFF Plan 2, which allows for an unreduced retirement allowance at age 53. The LEOFF 2 permits early retirement beginning at age 50 for members with 20 years of service with a 3 percent per year reduction to their retirement allowance.

The Department of Fish and Wildlife (DFW) was changed from a limited authority law enforcement agency to a general authority law enforcement agency by the 2002 Legislature. This permits the agency to commission officers to enforce all the traffic and criminal laws of the state, much like Washington State Patrol troopers, in addition to the special enforcement powers granted to the DFW enforcement officers in the state Wildlife Code.

While the DFW enforcement officers met all the requirements of LEOFF membership, they were specifically excluded from LEOFF membership until the enactment of House Bill 1205 in 2003 (C 388 L 03), which made new DFW enforcement officers eligible for enrollment in LEOFF Plan 2. House Bill 1205 also authorized to transfer current DFW enforcement officers belonging to the Public Employees' Retirement System (PERS) Plan 2 or Plan 3 to LEOFF Plan 2 on a prospective basis only. Enforcement officers transferred to from PERS to LEOFF became dual members of PERS 2/3 and LEOFF 2. Dual members are eligible to receive a retirement benefit from both of the plans that they belong to and may combine service credit earned in all portability covered systems for the purpose of qualifying for benefits. A dual member may also use his or her highest base salary to calculate the benefits from both systems.

All employees first employed in PERS-eligible positions since 1977 have been enrolled in PERS Plan 2 or Plan 3, which allows for an unreduced retirement allowance at age 65. The PERS 1, in contrast, permits members to retire at any age after 30 years of service, at age 55 with 25 years of service, and at age 60 with five years of service.

Summary of Substitute Bill:

Members of LEOFF Plan 2 may elect by December 31, 2009, to transfer prior service credit to PERS Plan 2 or Plan 3 service credit earned as enforcement officers of the DFW.

A member choosing to transfer service credit from PERS Plan 2 to LEOFF must pay an amount equal to the difference between the retirement system contributions that the member made in PERS Plan 2 and the contributions that the member would have paid in LEOFF Plan 2, plus interest, by June 30, 2014. A member choosing to transfer service credit from PERS Plan 3 to LEOFF must pay an amount equal to the greater of the full balance of the member's defined contribution account or the amount contributions that the member would have paid had the service been rendered in LEOFF Plan 2, plus interest.

The Department of Retirement Systems must transfer the service credit from PERS to LEOFF on June 30, 2014, along with the associated member and employer contributions and interest.

Member, employer, and state contribution rates will increase to the extent necessary to fund the difference in the value of the service credit transferred between PERS and LEOFF Plan 2, and the member contributions transferred into LEOFF Plan 2.

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) This bill was endorsed by the LEOFF Plan 2 Retirement Board and the Select Committee on Pension Policy. There have been a variety of approaches, and this year the bill includes a small number of PERS Plan 3 members. The DFW sergeants were not given a choice about LEOFF Plan 2 membership at the time, and in such cases, past service credit is usually made available.

(Opposed) None.

Persons Testifying: Mike Ryherd, Teamsters; and Steve Nelsen, Law Enforcement Officers' and Fire Fighters' Plan 2.

Persons Signed In To Testify But Not Testifying: None.