

# HOUSE BILL REPORT

## SSB 5894

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### As Passed House - Amended:

April 25, 2019

**Title:** An act relating to clarifying that the firefighters' pension levy may continue to be levied to fund benefits under the law enforcement officers' and firefighters' retirement system.

**Brief Description:** Clarifying that the firefighters' pension levy may continue to be levied to fund benefits under the law enforcement officers' and firefighters' retirement system.

**Sponsors:** Senate Committee on Ways & Means (originally sponsored by Senator Braun).

### Brief History:

#### Committee Activity:

Appropriations: 3/18/19, 4/3/19 [DPA].

#### Floor Activity:

Passed House - Amended: 4/25/19, 98-0.

### Brief Summary of Substitute Bill (As Amended by House)

- Allows the firefighters' pension levy to continue to be levied specifically for funding medical benefits under the Law Enforcement Officers' and Firefighters' Retirement System.

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## HOUSE COMMITTEE ON APPROPRIATIONS

**Majority Report:** Do pass as amended. Signed by 31 members: Representatives Ormsby, Chair; Bergquist, 2nd Vice Chair; Robinson, 1st Vice Chair; Stokesbary, Ranking Minority Member; MacEwen, Assistant Ranking Minority Member; Rude, Assistant Ranking Minority Member; Caldier, Chandler, Cody, Dolan, Dye, Fitzgibbon, Hoff, Hudgins, Jinkins, Kraft, Macri, Mosbrucker, Pettigrew, Pollet, Ryu, Schmick, Senn, Stanford, Steele, Sullivan, Sutherland, Tarleton, Tharinger, Volz and Ybarra.

**Staff:** David Pringle (786-7310).

### Background:

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

Prior to creation of the Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF 1) in 1970, cities that employed full-time paid fire fighters established Municipal Firemen's Pension Boards to administer the benefits of the city's Firemen's Pension Fund. Beginning in 1970, all full-time fire fighters became members of the LEOFF 1. Under LEOFF 1 the employer is responsible for paying all necessary medical services for LEOFF 1 members and retirees not payable from some other source.

Cities and towns are authorized to levy a general fund property tax of up to \$3.375 per thousand dollars of assessed value. Approximately 44 cities and towns that have a firefighters' pension fund also levy an additional amount earmarked for this pension fund. The levy is 22.5 cents per thousand dollars of assessed value. The original version of this pension levy was enacted in 1909, pre-dating the first state administered retirement systems for law enforcement officers and firefighters by about 40 years. The pension levy is generally used to fund retirement benefits for firefighters employed prior to 1970. Current law also allows the pension levy to be used for any other municipal purpose if a report by a qualified actuary establishes all or any part of the levy is unnecessary to meet the estimated demands of the pension fund for the ensuing budget year. There is some disagreement as to whether the law allows cities and towns to continue imposing the tax if all beneficiaries are deceased.

**Summary of Bill:**

Cities and towns are authorized to continue imposing the additional pension levy for either LEOFF 1 medical benefits or other municipal purposes until the municipality no longer has any LEOFF 1 retirees receiving medical benefits. However, the proceeds must be spent on LEOFF 1 medical benefits prior to being spent for any other purpose.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date of Amended Bill:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.

**Staff Summary of Public Testimony:**

(In support) In 1947 each city and town created a firemen's pension board and retirement fund. These funds received a tax levy and a portion of the fire insurance premium tax. These revenues already are used to pay for LEOFF 1 medical costs—some jurisdictions have no pre-LEOFF members, but a large amount of LEOFF 1 medical cost.

(Opposed) None.

(Other) The language of the bill removes the "other municipal purposes" from the use of funds, so it would be hard to attribute city revenues to a particular part of the total tax rate. Only about 44 cities can collect this tax—many more have substantial LEOFF 1 medical costs.

**Persons Testifying:** (In support) Dick Warbrouck, Retired Firefighters of Washington.

(Other) Candice Bock, Association of Washington Cities; and Joyce Willms, Law Enforcement Officers and Fire Fighters Coalition.

**Persons Signed In To Testify But Not Testifying:** None.