

FINAL BILL REPORT

EHB 2179

C 133 L 26

Synopsis as Enacted

Brief Description: Concerning membership in the public employees' retirement system for port workers who participate in a federal railroad retirement plan.

Sponsors: Representatives Abell, Engell, Barnard and Zahn.

House Committee on Appropriations
Senate Committee on Ways & Means

Background:

The Public Employees' Retirement System (PERS) is the largest of the state retirement systems, and generally covers employees of the state and political subdivisions. About 165,000 active state and local government employees participate in the PERS system. Cities, special districts, and other municipal entities and public corporate entities may be admitted to the retirement systems by applying to the Department of Retirement Systems (DRS) with the authorization of that entity's governing body.

While the employees of subdivisions or participating municipal entities are not employees of the state, they have a right to receive retirement benefits from the state under the terms of the retirement plan. The state, through the DRS, ensures that nonstate employers properly administer the rules of the retirement system and that funds are collected from participating local employers to support the cost of benefits to the nonstate retirees.

For the employers that participate in the PERS system, membership is extended to all regularly compensated employees employed in positions that meet the requirements of eligibility, and are not covered by a different state retirement system such as the Law Enforcement Officers' and Firefighters Retirement System or the Public Safety Employees' Retirement System, or by a defined benefit retirement plan operated wholly or in part by a state agency or political subdivision. Other specific exceptions are listed in the PERS laws.

The Federal Railroad Retirement Plan (FRRP) is a two-tiered annuity plan operated by the

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United States Railroad Retirement Board that provides qualified railroad employees and survivors with retirement, disability, and retirement benefits. The Tier I benefits are effectively a Social Security replacement plan and provide benefits that are largely equivalent to Social Security, including offsets and credits for Social Security that FRRP participants receive from other employment. The Tier II benefits are intended to be a pension benefit paid on top of Social Security-like benefits. The basic monthly benefit from Tier II is 0.7 percent of pay per year of service, using a 5-year average salary.

Port districts have participated in PERS since the 1950s. In 1965 port district compensation statutes were amended to ensure that port district employees could not be covered by both a private retirement plan and the state employees' retirement system. In 2002 the Legislature clarified that port districts could allow employee-only contributions to private pension plans without loss of eligibility for state pension plans.

Summary:

A new exception to membership in PERS is created. Persons employed in positions by a port district and enrolled in a FRRP are not eligible for participation in PERS. The effective date of the new exception is January 1, 2027. Intent language is added expressing that the Legislature does not intend port district employees to participate in both the Public Employees' Retirement System and either the Federal Railroad Retirement System or a private Taft-Hartley defined benefit pension plan for the same periods of service.

Votes on Final Passage:

House	96	1	
Senate	49	0	(Senate amended)
House	96	0	(House concurred)

Effective: June 11, 2026
January 1, 2027 (Section 2)