

SENATE BILL REPORT

HB 1270

As Reported by Senate Committee On:
Ways & Means, March 24, 2025

Title: An act relating to automatic deferred compensation enrollment for county, municipal, and other political subdivision employees.

Brief Description: Concerning automatic deferred compensation enrollment for county, municipal, and other political subdivision employees.

Sponsors: Representatives Bronoske, Ryu, Mena, Reed, Jacobsen, Paul, Duerr, Kloba, Macri and Simmons; by request of Department of Retirement Systems.

Brief History: Passed House: 2/6/25, 95-0.

Committee Activity: Ways & Means: 3/13/25, 3/24/25 [DP].

Brief Summary of Bill

- Allows local governments to automatically enroll new employees in Deferred Compensation Programs.

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass.

Signed by Senators Robinson, Chair; Stanford, Vice Chair, Operating; Trudeau, Vice Chair, Capital; Frame, Vice Chair, Finance; Gildon, Ranking Member, Operating; Torres, Assistant Ranking Member, Operating; Schoesler, Ranking Member, Capital; Dozier, Assistant Ranking Member, Capital; Boehnke, Braun, Cleveland, Conway, Dhingra, Hansen, Hasegawa, Kauffman, Muzzall, Pedersen, Riccelli, Saldaña, Wagoner, Wellman and Wilson, C..

Staff: Amanda Cecil (786-7460)

Background: The Washington State Deferred Compensation Program (DCP) is a

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supplemental savings program under Section 457 of the federal Internal Revenue Code offered to state employees and to the employees of local governments that elect to participate in DCP. Both tax-deferred and post-tax supplemental savings programs are offered. It is administered by the Department of Retirement Systems (DRS) which contracts with a vendor for recordkeeping and other administrative services.

Since 2017, new state employees are automatically enrolled in DCP with a 3 percent employee contribution unless they choose not to participate or opt out. Local governments may choose to offer the DRS-administered DCP or other non-governmental DCPs to its employees. Local governments are not authorize to provide DCPs on an opt-out basis.

Summary of Bill: Local governments participating in the DRS-administered DCP or operating its own DCP may automatically enroll new employees in accordance with plan rules. Employees may opt out of automatic enrollment.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony: PRO: DRS is requesting this bill because local governments have asked for the ability to implement automated enrollment, which we believe is good policy. The state has already been using the same approach since 2017.

Persons Testifying: PRO: Seth Miller, Department of Retirement Systems.

Persons Signed In To Testify But Not Testifying: No one.