

SENATE BILL REPORT

EHB 2179

As Passed Senate - Amended, March 4, 2026

Title: An act relating to membership in the public employees' retirement system for port workers who participate in a federal railroad retirement plan, a union-sponsored defined benefit retirement plan, or another employer-funded private pension plan.

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.

Brief History: Passed House: 2/16/26, 96-1.

Committee Activity: Ways & Means: 2/26/26, 3/02/26 [DPA].

Floor Activity: Passed Senate - Amended: 3/4/26, 49-0.

Brief Summary of Bill
(As Amended by Senate)

- Excludes certain port district employees from membership in the Public Employees' Retirement System.

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass as amended.

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, Warnick, Wellman and Wilson, C..

Staff: Amanda Cecil (786-7460)

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

Background: The Public Employees' Retirement System (PERS) is the largest state retirement system and covers employees of the state and its political subdivisions. As of the June 30, 2024 Actuarial Valuation Report, approximately 181,000 active state and local government employees participate in PERS Plans 2 and 3.

State agencies and counties are required to enroll all eligible employees in PERS. Cities, special districts, and other municipal and public corporate entities may participate by applying to the Department of Retirement Systems (DRS) with authorization from the entity's governing body.

Employers that opt into PERS coverage must enroll all regularly compensated employees in eligible positions not covered by another state retirement system. DRS conducts periodic audits of employers to ensure compliance with enrollment requirements, administering retirement system rules, and collecting and remitting contributions.

The Federal Railroad Retirement Plan (FRRP) is a two-tier retirement system administered by the U.S. Railroad Retirement Board that provides retirement, disability, and survivor benefits to qualified railroad employees. Tier I benefits function as a replacement for Social Security, while Tier II provides an additional pension benefit. The Tier II monthly benefit equals 0.7 percent of pay for each year of service, based on a five-year average salary.

Summary of Amended Bill: Port district employees participating in the FRRP are excluded from membership in PERS.

Two legislative intents are declared. First, the Legislature intends to clarify that an employee of a port district who participates in a federal retirement system for a period of service is not eligible for membership in the public employees' retirement system for that same period of service and is not required to participate in the public employees' retirement system for that period. Second, the Legislature further intends to clarify the authority of a port district under state rule regarding employment, wages and benefits to contribute to a private defined benefit pension plan. Consistent with longstanding practice, an employee of a port district who has been, or is, covered by a private Taft-Hartley defined benefit pension plan while employed by a port district on or after January 1, 1965, is exempt from participation in the public employees' retirement system for periods of service covered by that plan.

Appropriation: None.

Fiscal Note: Available.

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

Effective Date: The bill takes effect on January 1, 2027.

Staff Summary of Public Testimony on House Bill: *The committee recommended a different version of the bill than what was heard.* PRO: Please add an amendment similar to the one that was passed by this committee previously so we can ensure all impacted ports and their union-represented employees are covered under the bill so we do not create any unintended consequences. This bill protects the port of Ponderay and their railroad employees from being taxed by two retirement systems. Current and former employees would be required to make retroactive payments to DRS which for some employees would be over \$18,000. The port's liability exceeded \$229,000 for a non-taxing entity. This is a great idea to have just one pension and not two. This is a cash savings for the general public and for the people it is meant to help.

OTHER: This bill provides important clarification of existing law the port which for many years has been paying pursuant to a collective bargaining agreement. Please adopt the proposed amendment language being brought forward by WPPA because it provides certainty for both PERS and port districts in administering and complying with the relevant statutes.

Persons Testifying: PRO: James Cockburn, Washington Public Ports Association; Kelly Driver, Executive Director; Laurie Layne.

OTHER: Jonathan Eder, Port of Vancouver USA.

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