

RCW 41.24.800 Payment of tax liability—2023 c 73. (1) Any tax liability accruing to members or beneficiaries of a plan that results directly from chapter 73, Laws of 2023 will be paid by the appropriate principal funds.

(2) The state board may by rule establish a process that ensures tax penalties are paid by the principal fund for the appropriate plan. This process should be designed in coordination with tax counsel to ensure that any claims are valid, and that members and beneficiaries are impacted as little as reasonably possible. [2023 c 73 § 2.]

Finding—Intent—2023 c 73: "(1) The legislature finds that the tax deferral of contributions to the volunteer firefighters' and reserve officers' relief and pension system is contingent on retaining qualified status with the internal revenue service, and that the loss of qualified status could potentially result in costly unintended tax liability for the plan and plan members. The state board for volunteer firefighters and reserve officers has recently been alerted by the internal revenue service that the plan is not in compliance with the rules for qualification because it contains reserve officer members.

(2) To avoid the possible loss of plan qualification while ensuring both reserve officers and volunteer firefighters receive the benefits they have been promised, the legislature intends to align the plan with federal requirements by splitting the plan into two separate plans overseen by the same board. All members and beneficiaries of each plan should receive the same benefits after the split that they would have prior to the split.

(3) To accomplish the split, the legislature intends for this act to take the following actions:

(a) Reserve officer members, including active, retired, and beneficiaries of those members, are to be moved to a new reserve officers' plan, while volunteer firefighters and emergency medical technicians remain in the existing plan. Both will reside within the volunteer firefighters' and reserve officers' system and be overseen by the state board created in RCW 41.24.250; and

(b) The principal fund defined in RCW 41.24.010(10) will be split into two funds; one for each plan. The contributions and earnings will be split proportionate to the membership of each group.

(4) While it is the intent of the legislature that this act be carried out in a way that avoids any tax consequences for the plan, members, and beneficiaries, in the event of such consequences the legislature intends for the plan to absorb the cost of those tax consequences so that the members and beneficiaries are not negatively impacted." [2023 c 73 § 1.]