

2007 Legislative Summary

SCPP Request Legislation

SB 5173 / SHB 1262 – Post-Retirement Employment (Pridemore / Bailey)

This bill creates parity between PERS 1 and TRS 1 by adding a cumulative lifetime limit of 1,900 hours in TRS 1, and providing procedural safeguards and penalties. The bill also increases the TRS 1 waiting period from one to one and one-half months (half the duration of the PERS 1 waiting period). The bill also requires employers to have a written policy for rehire programs under both plans.

The substitute House bill removed the emergency clause and changed the effective date to 90 days after session.

Fiscal Impact: Total employer savings are \$2.6 million for 2007-2009, \$3.0 million for 2009-2011, and \$34.2 million for 2007-2032.

Status: The Governor signed SHB 1262 on April 17, 2007; published as Chapter 50, Laws of 2007.

Effective Date: July 22, 2007.

SB 5175 / HB 1263 – Age 66 COLA (Pridemore / Fromhold)

The bill changes Uniform COLA eligibility to include all PERS 1 and TRS 1 retirees who have been retired one year and will have attained age 66 by December 31 of the calendar year in which the increase is given.

Fiscal Impact: Total employer costs are \$10.9 million for 2007-2009, \$12.7 million for 2009-2011, and \$151.0 million for 2007-2032.

Status: The Governor signed SB 5175 on April 18, 2007; published as Chapter 89, Laws of 2007.

Effective Date: July 1, 2007.

SSB 5171 / ESHB 1260 – Washington State Patrol Contribution Rate (Schoesler / Conway)

The original SCPP bill would have established a new cost-allocation formula by which members would pay one-third the cost of the plan with a 7 percent cap and employers would pay the balance. A minimum total contribution rate

would become effective July 1, 2009, equal to 70 percent of the system's normal cost as calculated under the entry age normal cost method.

The bills were amended in the House and Senate. The final bill changes the cost-sharing split: members will pay the lesser of one-half of the adjusted total contribution rate or 7 percent. In addition, members will pay one-half the cost of any benefit improvements effective on or after July 1, 2007. The employer rate will be the contribution rate required to cover all total system costs not covered by the members. Unlike the original bills, neither substitute bill sets contribution rates for the upcoming biennium. Finally, the House and Senate substitutes provide that they are null and void if both SB 6129 and SSB 5937, which enhance funding and staffing for the State Patrol, are not enacted by June 30, 2007. Both were enacted by that date.

The substitute House bill differs from the Senate substitute in that it makes technical changes to language describing the minimum contribution rate and adds an emergency clause that had been removed under the first House substitute.

Fiscal Impact: Total employer costs are \$0.0 million for 2007-2009, \$0.9 million for 2009-2011, and \$20.0 million for 2007-2032.

Status: The Governor signed ESHB 1260 on May 2, 2007; published as Chapter 300, Laws of 2007.

Status of Contingent Legislation: The Governor signed SB 6129 on April 20, 2007; published as Chapter 155, Laws of 2007. The Governor signed SSB 5937 on May 11, 2007; published as Chapter 424, Laws of 2007.

Effective Dates: July 1, 2007 for Chapter 300, and August 1, 2007 for Chapters 155 and 424.

SSB 5174 / HB 1265 – Technical Corrections (Pridemore / Fromhold)

The original SCPP bill adds appropriate cross-references and other updates identified by the Department of Retirement Systems as necessary for consistency with recent changes to Washington's public pension law. The majority of corrections concern implementation of the new Public Safety Employees' Retirement System (PSERS).

The amended Senate bill adds a clarifying provision in LEOFF Plan 1 that affirms prior legislative action affecting contributions.

The House amended the Senate bill to allow a TRS 1 member to transfer into PERS 1 if they have at least ten years but not more than 20 years of service and who is employed by the Public School Employees of Washington (PSE). The

House also amended the Senate bill to allow a TRS 2/3 member to purchase service credit for education experience earned outside of Washington State after accruing at least two years of service in TRS. The Senate did not concur with these amendments and they were withdrawn.

Fiscal Impact: None.

Status: The Governor signed SSB 5174 on May 15, 2007; published as Chapter 492, Laws of 2007.

Effective Date: July 22, 2007.

SCPP / LEOFF 2 Board Request Legislation

SB 5172 / SHB 1261 – Service Credit Purchase Due To Injury (Fraser / Crouse)

This bill allows members of PSERS, SERS, LEOFF 2, and TRS to purchase up to 24 consecutive months of service credit for each period of temporary duty disability. This benefit is already provided in PERS.

The substitute House bill removed the emergency clause and changed the effective date to 90 days after session.

Fiscal Impact: None.

Status: The Governor signed SHB 1261 on April 17, 2007; published as Chapter 49, Laws of 2007.

Effective Date: July 22, 2007.

SB 5177 / SHB 1266 – \$150,000 Death Benefit (Fraser / Conway)

The original SCPP/LEOFF 2 Board bill expanded the eligibility for the \$150,000 death benefit to include death from duty-related illness in plans where it is not provided. The amount of the death benefit was indexed to changes in the Consumer Price Index for Wage Earners and Clerical Workers (CPI-W) for Seattle-Tacoma-Bremerton, with a maximum change of 3 percent per year.

The amended version of the House bill retains the expanded benefit but removes the indexing clause so that the death benefit amount does not automatically increase with changes in consumer prices.

The substitute House bill, as amended by the Senate, adds benefits for survivors of PERS 2 members who die while serving in Operations "Enduring Freedom" or "Iraqi Freedom". Survivors may receive a refund of 200 percent of the member's accumulated contributions. For survivors to be eligible, the member

must have ten or more years of PERS 2 service, left PERS 2 employment to enter the uniformed services, and die while honorably serving after January 1, 2007.

Fiscal Impact: Insufficient to impact contribution rates.

Status: The Governor signed SHB 1266 on May 15, 2007; published as Chapter 487, Laws of 2007.

Effective Date: July 22, 2007.

SB 5176 / SHB 1264 – Dual Membership (Pridemore / Fromhold)

The original SCPP/LEOFF 2 Board bill changes the definition of base salary in the portability chapter to include previously excluded payments such as overtime. The bill also lifts portability's "maximum benefit rule" (a rule designed to protect Plan 1 benefit caps) for members with less than 15 years of service in one capped plan and service in one uncapped plan. It also adds LEOFF 2 to the list of retirement plans whose members can combine service under portability in order to receive the indexed term-vested benefit after 20 years of service.

The substitute House bill removes the emergency clause and changes the effective date to 90 days after session.

Fiscal Impact: Total employer costs are \$0.2 million for 2007-2009, \$0.2 million for 2009-2011, and \$1.7 million for 2007-2032.

Status: The Governor signed SHB 1264 on April 27, 2007; published as Chapter 207, Laws of 2007.

Effective Date: July 22, 2007.

Note: The Washington State Patrol Retirement System was excluded from this benefit at the request of the Washington State Patrol Troopers' Association.

Other LEOFF 2 Board Request Legislation

SB 5588 / HB 1687 – F&W Officer Service Credit Transfer (Franklin / Simpson)

This bill would have provided Enforcement Officers working for the Department of Fish and Wildlife (DFW) the opportunity to transfer their prior PERS Plan 2 service earned as an Enforcement Officer to LEOFF Plan 2. Enforcement Officers became prospective members of LEOFF Plan 2 in 2003; all prior service remained in the PERS system.

Members would have paid the difference between the PERS 2 and LEOFF 2 contributions plus interest on the difference. The assets associated with PERS 2 member and employer contributions would then have been transferred to LEOFF 2 to further offset the cost to DFW.

No later than June 30, 2013, DFW would have been required to pay an amount sufficient to ensure that the contribution rate in LEOFF 2 would not increase due to this transfer.

Fiscal Impact: There is no fiscal impact to members or employers in the affected systems with the exception of members electing to transfer service and the estimated \$2 million payment required from DFW.

Status at sine die: Neither bill received a hearing.

SSB 5589 / HB 1678 – PEBB for LEOFF Plan 2 Retirees (Keiser / Morrell)

This bill would have provided all LEOFF Plan 2 retirees with the option to purchase health insurance through the Public Employee Benefits Board (PEBB) program managed by the Health Care Authority (HCA). The health premiums for retired LEOFF 2 members not yet eligible for parts A and B of Medicare would have been based on the community rated risk pool. Premiums for LEOFF 2 retirees eligible for Medicare would have been based on a separate risk pool; those premiums would have been reduced by the state-funded prescription drug subsidy under RCW 41.05.085.

The substitute Senate bill specified that the act would be null and void if specific funding for the act is not provided by June 30, 2007, in the omnibus appropriations act.

Fiscal Impact: None.

Status at sine die: Senate bill did not pass before cut-off. House bill did not receive a hearing.

SB 5590 / SHB 1679 – LEOFF 2 Board Membership (Tom / Ericks)

This bill amends when employer, legislative, and retiree representatives join the LEOFF 2 Board. Employer terms are staggered so no more than one position will expire in the same year. Legislative terms will be two years and run from January through December. The one fire fighter and one law enforcement positions scheduled to be filled by retirees beginning in July 2007, can be filled by either active or retired members.

The House bill was amended to require the Board to have at least one retired member beginning January 2008.

Fiscal Impact: None.

Status: The Governor signed SHB 1679 on May 2, 2007; published as Chapter 303, Laws of 2007.

Effective Date: July 22, 2007.

SB 5591 / HB 1680 – EMT Service Credit in LEOFF (Roach / Hunter)

This bill creates an exception to the five-year waiting period for a LEOFF 2 Emergency Medical Technician (EMT) to transfer their prior PERS service credit earned as an EMT into LEOFF 2.

This bill requires an immediate transfer of PERS EMT service and member contributions into LEOFF 2 if a member who elected to transfer such service dies or retires for disability prior to five years from their date of election.

The bill allows the member, or their beneficiary, to pay any outstanding member obligation in full, or by means of an actuarial reduction in the monthly benefit, or by continuing to make payments so that the obligation is paid in full by no later than five years from the member's original date of election.

Fiscal Impact: Insufficient to impact contribution rates.

Status: The Governor signed HB 1680 on May 2, 2007; published as Chapter 304, Laws of 2007.

Effective Date: July 22, 2007.

SCPP / LEOFF 2 Board Endorsed Legislation

SB 5014 / SHB 1044 – Contribution Rate Adoption Process (Pridemore / Fromhold)

This bill amends the timing of the contribution rate adoption process and impacts all the public retirement plans whose contribution rates are set by the Pension Funding Council and the LEOFF 2 Board. The bill requires the PFC to adopt rates by July 31 of even-numbered years, rather than September 30. At least 30 days prior to adoption, the PFC must submit the preliminary actuarial audit results to the SCPP for review and recommendations. The PFC may adopt annual, rather than biennial, contribution rates for any rate-setting period.

The State Actuary will submit preliminary contribution rates to the PFC based on current mandates, and following the actions of the PFC, prepare final actuarial valuation results and contribution rates. The final valuation and contribution rates will also be audited by the PFC.

The State Actuary must also notify DRS and OFM of the contribution rates. The bill also changes the timing for studying the long-term economic assumptions of the retirement systems to the fall of odd-numbered years, rather than the summer every four years. As a result, the State Actuary must submit information and make recommendations regarding the long-term economic assumptions by September 1 of odd-numbered years, beginning in 2007; and further, the PFC may adopt changes to the long-term economic assumptions by October 31, 2007, and by October 31 of each odd-numbered year thereafter.

The substitute House bill removed the emergency clause and changed the effective date to 90 days after session.

Fiscal Impact: None.

Status: The Governor signed SB 5014 on May 2, 2007; published as Chapter 280, Laws of 2007.

Effective Date: July 1, 2007.

Other Retirement Legislation That Passed into Law

SB 5593 / HB 1475 – Volunteer Fire Fighters Board Membership (Fairley / Hurst)

This bill adds two members to the State Board for Volunteer Fire Fighters and Reserve Officers, for a total of five board members. No more than two of the members of the Board may be receiving relief or retirement pension payments under the system. The Governor may consider recommendations from appropriate state associations when making appointments to the Board.

Fiscal Impact: None.

Status: The Governor signed HB 1475 on April 17, 2007; published as Chapter 56, Laws of 2007.

Effective Date: July 22, 2007.

SHB 2147 – Volunteer Fire Fighters Vocational Rehabilitation (Kristiansen)

This bill provides vocational rehabilitation benefits for members of the Volunteer Fire Fighters' and Reserve Officers' Relief and Pension System (VFFRORPS) at the sole discretion of the State Board of the VFFRORPS. It provides coverage for up to \$4,000 of a disabled participant's costs for education, retraining, and job placement. The bill also provides coverage for an additional \$5,000 of accommodations necessary for participation in a retraining plan, or for performing the essential functions of an occupation.

The substitute version of the bill added an emergency clause making it effective immediately upon signing.

Fiscal Impact: Insufficient to impact contribution rates.

Status: The Governor signed SHB 2147 on April 17, 2007; published as Chapter 57, Laws of 2007.

Effective Date: April 17, 2007.

SB 5313 / HB 1325 – WSP Retirement Age (Haugen / Dickerson)

This bill changes the mandatory retirement age for members of the Washington State Patrol Retirement System from 60 to 65, effective July 1, 2007. The mandatory retirement age, however, does not apply to a member serving as Chief of the Washington State Patrol.

Fiscal Impact: Total employer savings are \$0.2 million for 2007-2009, \$0.2 million for 2009-2011, and \$3.9 million for 2007-2032.

Status: The Governor signed SB 5313 on April 18, 2007, with a partial veto applicable to Section 2 of the bill, the section pertaining to the emergency clause. The bill was published as Chapter 87, Laws of 2007.

Effective Date: July 22, 2007.

SB 5918 – Judicial Retirement Accounts (Fraser)

The bill exempts Judicial Retirement Account Plan (JRA) accounts from attachment and the operation of bankruptcy or insolvency laws. It also provides that the right to receive payments from the plan is non-assignable, except for domestic relations orders and federal income tax levies. Finally, the bill subjects JRA distributions to the operation of state community property laws upon a member's death.

Fiscal Impact: None.

Status: The Governor signed SB 5918 on April 18, 2007; published as Chapter 108, Laws of 2007.

Effective Date: July 22, 2007.

ESHB 1649 – Judges Benefit Multiplier (Fromhold)

The original bill would have allowed a Judge who elects to earn an enhanced service credit multiplier, to buy the higher multiplier for their past judicial service at a cost of one-half of the actuarially equivalent value (AEV) of the increase in the member's benefit. The member would have been able purchase the higher benefit multiplier for all or part of their prior judicial service beginning with the most recent judicial service. Payment would have to have been made before retirement.

This bill would have provided that the member's employer would be obligated to pay one-half of the AEV of the increase in the member's benefit. This payment would have to have been made within five years of the completion of the employee payment.

This bill also would have allowed a member who purchased the higher benefit multiplier for past judicial service prior to the effective date of this act, to have the cost recalculated and any difference remitted to the member.

Under the amended version of the bill, a PERS or TRS 1 member will have until December 31, 2007, to purchase up to 70 percent of that portion of their prior judicial service that would maximize their benefit at normal retirement age. A TRS 1, PERS 1, or PERS 2 member making such a purchase will pay 5 percent of salary plus interest for each year of service. A PERS 3 member will pay 2.5 percent of salary plus interest. After December 31, 2007, a member making such a purchase will pay the AEV of the increase in their benefit.

Fiscal Impact: Insufficient to impact contribution rates.

Status: The Governor signed ESHB 1649 on April 19, 2007; published as Chapter 123, Laws of 2007.

Effective Date: July 22, 2007.

SB 5464 / SHB 1124 – DNR As A PSERS Employer (Jacobsen / VanDeWege)

The original bill amended the definition of employer in the Public Safety Employees' Retirement System (PSERS) to include the Department of Natural Resources (DNR). This change would have mandated DNR Enforcement

Officers – currently PERS members – into PSERS if their job duties met the definition for PSERS membership.

The substitute version of the House bill amends the PSERS chapter to establish a window from July 1, 2007, through September 30, 2007, during which DNR enforcement officers may elect to join PSERS. Enforcement officers who join will become dual members of PERS and PSERS and will have their PSERS membership begin prospectively from the date of election. DNR Enforcement Officers hired after the effective date of the act will automatically become members of PSERS.

Fiscal Impact: None.

Status: The Governor signed SHB 1124 on May 2, 2007; published as Chapter 294, Laws of 2007.

Effective Date: July 22, 2007.

SB 5499 / SHB 1417 – WSP Survivor Medical Reimbursement (Eide / Lovick)

This bill provides that the survivor benefit paid to the spouse and dependent children of a WSP member who is killed in the course of employment shall include reimbursement for any payments of medical premiums to the Washington State Health Care Authority.

Fiscal Impact: Total employer costs are \$0.1 million for 2007-2009, \$0.1 million for 2009-2011, and \$2.1 million for 2007-2032.

Status: The Governor signed SHB 1417 on May 15, 2007, with a partial veto applicable to Section 3 of the bill, the section amending an uncodified emergency clause. The bill was published as Chapter 488, Laws of 2007.

Effective Date: July 22, 2007.

SB 5741 / ESHB 1833 – Fire Fighters Occupational Disease (Franklin / Conway)

The bill modifies the industrial insurance presumption of occupational disease for fire fighters to include certain heart injuries and certain cancers. The bill allows a fire fighter to recover litigation fees and costs in certain cases involving the presumption of occupational disease for firefighters.

The engrossed substitute version of the bill contains stricter language on heart related illnesses among active fire fighters than was present in the original bill. It also restricts the age at which prostate cancer would be considered an occupational disease. It also uses the explicit listing of "colorectal" cancer

instead of "intestinal" cancer to the list of occupational diseases. This is a stricter evidentiary standard than in the original bill.

Fiscal Impact: Total employer costs are \$0.7 million for 2007-2009, \$1.0 million for 2009-2011, and \$17.4 million for 2007-2032.

Status: The Governor signed ESHB 1833 on May 15, 2007 with a partial veto applicable to Section 1 of the bill, the legislative intent section. The bill was published as Chapter 490, Laws of 2007.

Effective Date: July 22, 2007.

EHB 2391 – Eliminating Gain-Sharing And Providing Alternate Pension Benefits (Fromhold / Conway)

The original bill (which was subsequently amended) eliminated gain-sharing after the 2008 event and established the following alternate benefits:

- Up to a 13-cent adjustment to the PERS 1 and TRS 1 annual increase amount on July 1, 2009, should the 2008 gain-sharing event result in less than a 34-cent adjustment to the annual increase amount (subsequently amended);
- TRS and SERS members hired on or after July 1, 2007, have the choice of joining either Plan 2 or Plan 3 of their respective systems; and
- Members of PERS 2/3, TRS 2/3, and SERS 2/3 who have completed at least 30 service credit years may retire at age 55 under improved early retirement reduction factors (subsequently amended).

The bill provides for supplemental contribution rate increases in support of the Plan 2/3 alternate early retirement benefits beginning on the effective date of the benefits.

The bill also includes contingency language that stipulates the legislature's intent that the benefits provided in the bill are replacement benefits for gain-sharing. Until there is legal certainty with respect to the repeal of gain-sharing, the right to partake of any of the benefits in the bill is non-contractual. If the repeal of gain-sharing is held to be invalid, and gain-sharing is reinstated, then the benefits provided in the bill shall cease.

The *engrossed* bill enhanced the Plan 1 Uniform COLA proposal to provide up to a 20-cent adjustment to the PERS 1 and TRS 1 annual increase amount on July 1, 2009, should the 2008 gain-sharing event result in less than a 40-cent adjustment to the annual increase amount.

The *engrossed* bill also enhanced the Plan 2/3 retirement eligibility provisions. Beginning July 1, 2008, members who have completed at least 30 service credit years may retire at age 62 with unreduced benefits, or at age 55 with improved early retirement reduction factors. Under these provisions, members are ineligible for post-retirement employment prior to age 65.

The other provisions of the original bill remained the same.

Fiscal Impact: Total employer savings are \$209.3 million for 2007-2009, \$23.2 million for 2009-2011, and \$2,265.5 million for 2007-2032.

Status: The Governor signed EHB 2391 on May 15, 2007; published as Chapter 491, Laws of 2007.

Effective Dates: Section 1 (member eligibility for gain-sharing), section 3 (TRS Plan 2/3 choice), and section 7 (SERS Plan 2/3/ choice) of the bill are effective July 1, 2007; other sections are effective July 22, 2007.

SB 6167 – DRS Authority To Determine Interest (Pridemore)

This bill clarifies the existing authority of the Director of the Department of Retirement Systems (DRS) with respect to interest credited to member accounts within the state-administered systems. The bill states that in those instances in which interest is provided by the plan, the Director has the discretion to determine the frequency, amounts and methods for crediting interest. The bill also specifies that if interest is credited, it must be done at least quarterly.

Fiscal Impact: None.

Status: The Governor signed SB 6167 on May 15, 2007; published as Chapter 493, Laws of 2007.

Effective Date: July 22, 2007.

Other Retirement Legislation that did not Pass

SB 5000 – Rainy Day Reserve Fund (Zarelli)

This bill would have implemented 2007 Senate Joint Resolution 8200, amending the state Constitution to establish a Rainy Day Reserve Fund. The fund would have been managed and funds invested by the State Investment Board. Net investment earnings of the Rainy Day Reserve Fund would have been deposited to the Education Legacy Trust Account, which was established by the 2005 Legislature to fund enhancements to K-12 and higher education.

If the balance of the Rainy Day Reserve Fund exceeded 10 percent of general state revenues, withdrawals would have been allowed to fund any unfunded liabilities in the State administered retirement systems.

Fiscal Impact: None.

Status at sine die: The bill did not move from committee.

SB 5062 / SHB 1067 – TRS 1 to PERS 1 (Prentice / Haigh)

This bill would have allowed a member of TRS 1 who has at least ten but not more than 20 years of service in TRS 1, and who was employed by the Public School Employees of Washington (PSE), to join PERS 1 during an election window from July 1, 2007, through September 30, 2007, and become a dual member of TRS 1 and PERS 1.

The substitute House bill removed the emergency clause and changed the effective date to 90 days after session.

Fiscal Impact: Insufficient to impact contribution rates.

Status at sine die: Passed the House. The bill did not receive a hearing in the Senate.

Note: These provisions were included under a House amendment to SSB 5174; the Senate did not concur.

SB 5069 and SB 5724 – Domestic Partners / Survivor Beneficiary (Prentice)

The provisions in these bills were identical, although they had different bill titles and “brief descriptions.” These bills would have impacted all the retirement systems administered by the State of Washington with the exception of the Washington State Patrol retirement system. Generally, the bills would have allowed domestic partners to be treated as spouses for pension purposes. Spouses may currently receive survivor benefits upon the death of a member. They may also collect refunds of accumulated contributions of deceased members.

Fiscal Impact: Total employer costs would have been \$2.5 million for 2007-2009, \$2.6 million for 2009-2011, and \$22.5 million for 2007-2032.

Status at sine die: Neither bill received a hearing.

Note: The Domestic Partner Registry bill was SSB 5336, which was signed into law as Chapter 156, Laws of 2007.

SB 5178 – Judges Benefit Multiplier (Fraser)

This bill would have changed the way that judges would have paid for prior judicial service under the higher benefit multiplier program. Plan 1 and Plan 2 member's cost of purchasing the prior service would have been 5 percent of the salary earned at the time of service, plus interest for each year of service. Plan 3 members would have paid 2.5 percent of salary earned at the time of service, plus interest for each year of service. The purchase price could not have exceeded the actuarial equivalent value of the increase in the member's benefit. If a judge purchased prior service before passage of this act, he or she could have the cost recalculated; if the new cost was less than the amount originally paid, the balance would have been returned to the member.

Fiscal Impact: Total employer costs would have been \$1.5 million for 2007-2009, \$1.4 million for 2009-2011, and \$11.7 million for 2007-2032.

Status at sine die: The bill did not receive a hearing.

SB 5427 / HB 1284 – Separated Plan 2 Members PEBB Access (Keiser / Cody)

This bill would have allowed PERS 2, TRS 2, and SERS 2 members who separate, were at least age 55, and had at least ten years of service, to continue participation in their employers' insurance plans and contracts if that participation was selected immediately upon separation from employment. Eligibility would have been prospective from the effective date of the bill for SERS Plan 2 and TRS Plan 2 members who separate, but retroactive for PERS Plan 2 members who have separated since March 1, 2002.

Fiscal Impact: None.

Status at sine die: The House bill did not move from committee, and the Senate bill did not receive a hearing.

SSB 5459 – WSP Longevity Bonuses (Haugen)

This bill would have allowed the Chief of the State Patrol to provide a one-time longevity bonus of \$5,000 to any individual who completed trooper basic training after January 1, 2007, and served a continuous commission with the Washington State Patrol of at least four years.

Under the substitute bill members may have been disqualified from receiving the bonus if they accepted a reassignment or transfer within the first four years of employment. The bonus would also have been excluded from salary for purposes of calculating any retirement benefits.

Fiscal Impact: None.

Status at sine die: Did not pass the Senate prior to cut-off.

SB 5668 – Modifying Gain-Sharing Benefits (Fraser)

This bill would have limited Plan 3 gain-sharing benefits to those members hired prior to July 1, 2007, and provided newly hired TRS and SERS members the choice of joining either Plan 2 or Plan 3 in their respective systems.

Gain sharing benefits for TRS 1 and PERS 1 retirees would not have been affected by this bill.

Fiscal Impact: Total employer costs would have been \$0.0 million for 2007-2009 and \$23.2 million for 2009-2011. There would have been employer savings of \$2,112.2 million for 2007-2032.

Status at sine die: The bill did not receive a hearing.

SB 5752 / HB 1878 – Volunteer Fire Fighter Vocational Rehabilitation (Stevens / Kristiansen)

This bill would have allowed the Volunteer Fire Fighters' and Reserve Officers' Relief and Pension Fund to pay certain costs associated with the vocational rehabilitation of injured members. Payments would have been subject to the discretion of the Executive Secretary of the Board for Volunteer Fire Fighters' and Reserve Officers'. Benefits would have been available for members who had claims pending as of the effective date of the act or were injured on or after January 1, 2006.

Fiscal Impact: Insufficient to impact contribution rates.

Status at sine die: Neither bill received a hearing.

SB 5779 / HB 1771 – Revising Pension Gain-Sharing (Prentice / Sommers)

This bill would have eliminated gain-sharing after the 2008 event and established the following alternate benefits:

- Up to a five-cent adjustment to the PERS 1 and TRS 1 annual increase amount on July 1, 2009, should the 2008 gain-sharing event result in less than a 23-cent adjustment to the annual increase amount;
- Plan 2/3 choice for TRS and SERS members hired on or after July 1, 2007; and

- An Assured Benefit Program (ABP) into which Plan 3 members would have contributed that would have provided, upon retirement, an annuity equal to 1 percent of the member's average final compensation (AFC) per year of participation in the ABP with any excess remitted to the DC account. Other distribution options would also have been available.

Fiscal Impact: Total employer savings would have been \$214.8 million for 2007-2009, \$120.6 million for 2009-2011, and \$3,888.9 million for 2007-2032.

Status at sine die: The House bill did not move from committee, and the Senate bill did not receive a hearing.

SB 5946 – Projected Mortality Improvements (Schoesler)

This bill would have required the Legislature to recognize projected mortality improvement in PERS, TRS, SERS, PSERS, and WSP, which would have affected contribution rates. ["Projected mortality improvement" is an approach to determining the expected mortality of members that uses new technologies and software, and the latest actuarial standards of practice, to recognize continued improvement in mortality over time.] The bill would have established contribution rates for each system for the 2007-2009 biennium that would fund the liability associated with projected mortality improvement, and would have added them onto rates otherwise adopted by the PFC or revised by the Legislature.

Fiscal Impact: Total employer costs would have been \$181.6 million for 2007-2009 and \$128.0 million for 2009-2011. There would have been employer savings of \$597.5 million for 2007-2032.

Status at sine die: The bill did not receive a hearing.

SB 6009 – PERS, TRS, And SERS Plan 2 Military Service (Rasmussen)

This bill would have established the same provisions for both interruptive and non-interruptive military service credit in PERS 2, TRS 2, and SERS 2 as are currently found in PERS 1. This would have allowed Plan 2 members to receive retirement credit for up to five years of prior and interruptive military service at no cost, and extended the length of time the member would have had to apply for such service under the retirement system.

The Plans 3 were not included in this bill.

This benefit would have been in addition to and separate from the benefits granted under the Uniformed Services Employment and Reemployment Rights Act (USERRA).

Fiscal Impact: Total employer costs would have been \$19.9 million for 2007-2009, \$18.0 million for 2009-2011, and \$218.2 million for 2007-2032.

Status at sine die: The bill did not move from committee.

SB 6093 – PERS And TRS Plan 1 Prospective 70 Percent Cap (Fraser)

This bill would have allowed PERS 1, and TRS 1 members who have not opted into the post-30-year contribution program, to accrue an additional benefit of 2 percent of average final compensation (AFC) per year for service credit beyond 30 years of service. Members would have been able to accrue up to 10 percent of AFC in this additional benefit for service earned after July 1, 2007. In combination with existing retirement benefits, members would have been able to earn a maximum benefit equal to seventy percent of AFC.

Fiscal Impact: Total employer costs would have been \$44.6 million for 2007-2009, \$52.0 million for 2009-2011, and \$617.1 million for 2007-2032.

Status at sine die: The bill did not receive a hearing.

SB 6131 – TRS Plan 1 Military Service Credit Purchase (Regala)

This bill would have allowed members of TRS 1 to purchase up to five years of service credit for time served in the armed forces prior to public employment. This prior time could only have been purchased after 25 years of service credit was earned in TRS 1 and if the member met the definition of veteran under 41.04.005. The cost would have been one-half the actuarial equivalent value of the increase to the members' benefit.

Fiscal Impact: Total employer costs would have been \$3.4 million for 2007-2009, \$3.8 million for 2009-2011, and \$45.6 million for 2007-2032.

Status at sine die: The bill did not receive a hearing.

SB 6145 – Judges Increased Multiplier Purchase (Honeyford)

This bill would have allowed two additional groups to purchase the higher benefit multiplier for past judicial service: active members of PERS or TRS 1 not currently employed as a justice or judge, but who were previously employed as a justice or judge; and members of PERS or TRS 1 who had separated but not yet retired, and who had past service as a justice or judge. From January

1, 2008, through June 30, 2008, these members would have been allowed to purchase the higher multiplier for past judicial service by paying the actuarially equivalent value of the benefit increase.

Fiscal Impact: None.

Status at sine die: The bill did not receive a hearing.

HB 1199 – Providing Full Retirement Benefits At Early Ages (Conway)

This bill would have allowed any PERS 2/3, TRS 2/3, and SERS 2/3 member who was at least age 55, had met the vesting requirements of their plan, and whose age and years of service credit summed to 85 or more, to retire with an unreduced retirement benefit.

Fiscal Impact: Total employer costs would have been \$645.9 million for 2007-2009, \$611.1 million for 2009-2011, and \$8,702.5 million for 2007-2032.

Status at sine die: The bill did not receive a hearing.

SHB 1200 – TRS Out Of State Service (Conway)

This bill would have allowed TRS 2/3 members to purchase service credit for education experience earned outside of Washington State after they had accrued at least two years of service in TRS.

The substitute House bill removed the emergency clause and changed the effective date to 90 days after session.

Fiscal Impact: None.

Status at sine die: Passed the House. The bill did not receive a hearing in the Senate.

Note: These provisions were included under a House amendment to SSB 5174; the Senate did not concur.

SHB 1522 – Judges Retirement Age (Williams)

This bill would have eliminated the mandatory retirement age provisions in the Judicial Retirement System (JRS) for Supreme Court, Court of Appeals, and Superior Court judges. Members of JRS must currently retire at age 75.

The substitute bill included a contingency clause. There is a proposed amendment to Article IV, section 3(a) of the state Constitution that would eliminate the mandatory retirement age for Supreme Court, Court of Appeals,

Superior Court, and District Court judges. If that amendment were not approved and ratified by the voters in the next general election, this bill would have been void in its entirety.

Fiscal Impact: Insufficient to impact contribution rates.

Status at sine die: Did not pass the House prior to cut-off.

HB 1824 – Survivor Benefits For Certain Fire Fighters (Chase)

This bill would have allowed the continuation of benefits from the pre-LEOFF city retirement system if the spouse of a deceased fire fighter remarried.

Fiscal Impact: Indeterminate.

Status at sine die: Passed the House. The bill did not receive a hearing in the Senate.

HB 1838 – Plan 1 Death Before Retirement (Seaquist)

This bill would have increased the payment to the survivor of a PERS 1 or TRS 1 member to include both employer and employee contributions if the member died prior to retirement and had more than 30 years of service.

Fiscal Impact: Total employer costs would have been \$3.7 million for 2007-2009, \$4.0 million for 2009-2011, and \$49.4 million for 2007-2032.

Status at sine die: The bill did not receive a hearing.

HB 1941 – Plan 3 Vesting (Conway)

This bill would have changed the vesting period for the defined benefit portion of PERS 3, TRS 3, and SERS 3 to five years of service regardless of age.

Fiscal Impact: Total employer costs would have been \$2.4 million for 2007-2009, \$4.0 million for 2009-2011, and \$136.3 million for 2007-2032.

Status at sine die: The bill did not receive a hearing.

HB 2116 – Modifying Gain-Sharing Benefits And Increasing Contributions Towards Unfunded Pension Liabilities (Bailey)

This bill would have changed gain-sharing provisions by:

- Increasing the investment return threshold that triggers a gain-sharing event from 10 percent to 14 percent;

- Limiting eligibility for Plan 3 gain-sharing to those members hired prior to July 1, 2007;
- Providing TRS and SERS members hired on or after the effective date of the act the choice of joining either Plan 2 or Plan 3 of their respective systems; and
- Establishing additional employer contribution rates to amortize the unfunded actuarial accrued liability (UAAL) in PERS 1 and TRS 1.

Fiscal Impact: Total employer costs would have been \$27.4 million for 2007-2009 and \$60.8 million for 2009-2011. There would have been employer savings of \$4,349.3 million for 2007-2032.

Status at sine die: The bill did not move from committee.

HB 2134 – Port District Fire Fighter Membership In LEOFF 2 (VanDeWege)

This bill would have amended the definition of a fire fighter eligible for membership in the Law Enforcement Officer and Fire Fighter (LEOFF) retirement system. The new definition would have included an individual who was a full-time employee of a port district whose duties include fire suppression, was trained in rescue and firefighting duties prior to assuming fire suppression responsibilities, and was required to receive annual recurring instruction in rescue and firefighting including live-fire drills. The definition was also amended to include supervisory personnel working for a port district who were trained in rescue and firefighting, but who were not required to receive annual recurring instruction in rescue and firefighting.

Fiscal Impact: None.

Status at sine die: Passed the House. The bill did not receive a hearing in the Senate.

HB 2159 – PERS 1 Educational Staff Associates (Hunt)

This bill would have expanded the group of persons employed as educational staff associates (ESA) that have the option to remain in PERS or join TRS. Certain members of PERS 1 who became employed as educational staff associates would have been allowed to remain in PERS 1 rather than be mandated into TRS 3. These members would have to have been at least age 55, had established service credit in PERS 1, and been employed as an educational staff associate after July 1, 2007.

Fiscal Impact: Insufficient to impact contribution rates.

Status at sine die: The bill did not receive a hearing.

HB 2381 – Voluntary Compliance With Streamlined Sales Tax (Hunter)

This bill would have created a new funding source for LEOFF 2, and for funding local government public safety uses. The bill would have directed the State Treasurer to transfer the lesser of "voluntary compliance revenue" or \$6.25 million to the LEOFF 2 trust fund each quarter beginning January 2009.

"Voluntary compliance revenue" is the net gain in state sales tax revenue from participation in the Streamlined Sales and Use Tax Agreement (SSUTA).

Fiscal Impact: Indeterminate.

Status at sine die: The bill did not move from committee.

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