

SENATE BILL REPORT

2SSB 5102

As Passed Senate, March 12, 1999

Title: An act relating to distribution of the fire insurance premium tax to contribute toward the funding of fire fighting training and volunteer fire fighter pensions.

Brief Description: Funding fire fighter training and pensions.

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senators Haugen, Snyder, Winsley, Goings, Gardner, T. Sheldon, Bauer, Rasmussen, Hale, McCaslin, Sellar, Swecker, Patterson, Morton, Prentice, Oke, Kohl-Welles and Costa).

Brief History:

Committee Activity: Transportation: 1/28/99, 2/11/99 [DPS-WM].

Ways & Means: 3/3/99, 3/4/99 [DP2S].

Passed Senate, 3/12/99, 46-0.

SENATE COMMITTEE ON TRANSPORTATION

Majority Report: That Substitute Senate Bill No. 5102 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Haugen, Chair; Gardner, Vice Chair; Benton, Eide, Horn, Johnson, Oke, Patterson, Sellar, T. Sheldon and Shin.

Staff: Paul Neal (786-7315)

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Second Substitute Senate Bill No. 5102 be substituted therefor, and the second substitute bill do pass.

Signed by Senators Loveland, Chair; Fairley, Fraser, Honeyford, Kline, Long, McDonald, Rasmussen, Roach, B. Sheldon, Snyder, Spanel, West, Winsley and Zarelli.

Staff: Bryon Moore (786-7726)

Background: *Fire Fighter Training.* Of the 23,000 fire fighters in Washington, 72 percent (16,800) are volunteers and/or paid on-call fire fighters. The State Patrol estimates that 20 percent of those fire fighters have not been trained to the level of skill necessary to operate as a backup member of a team at a fire scene.

The Washington State Patrol (WSP) provides fire fighter training at its training academy in North Bend. There is currently no dedicated source of state funding to provide that training. As a consequence, the patrol currently charges fire departments and fire districts for the full cost of the training. Obtaining training is made more difficult by the fact that the North Bend training facility is geographically remote from many areas of the state.

Volunteer Fire Fighter Pensions. The Volunteer Fire Fighters Retirement System (VFFRS) Trust Fund is funded primarily through revenue generated by a 2 percent tax on fire insurance premiums, 40 percent of which is earmarked for VFFRS purposes. Unlike other public pension systems in Washington, the dollar amount for VFFRS pensions are set in statute. The Legislature periodically amends those statutes to increase the pension amount. This was last done in 1992.

Under current law a volunteer fire fighter is eligible for a maximum monthly pension of \$225 beginning at age 65 if the volunteer has 25 or more years of service. If a member retires prior to age 65 and/or with less than 25 years of service, his or her pension is reduced.

City share of fire insurance premium tax. Another beneficiary of the 2 percent tax on fire insurance premiums are certain cities and fire districts. 45 percent of the revenue from the tax is earmarked for cities and fire districts with full-time fire fighters. The tax revenue is distributed based upon the number of full-time fire fighters currently employed by the employer. The revenue may be used to pay expenses incurred under the pre-1970 city fire fighter retirement system and for retiree medical expenses incurred for fire fighters retired under the Law Enforcement Officer's and Fire Fighter's Retirement System (LEOFF) Plan 1.

Some cities are still obligated to pay pensions under the pre-LEOFF system for fire fighters that retired under that system prior to March 1970. Some are also responsible for some bridge payments for persons who started under the pre-LEOFF system and retired under LEOFF Plan 1. Cities are also responsible for certain medical benefits statutorily granted to LEOFF Plan 1 retirees.

Summary of Bill: The State Fire Protection Policy Board of the WSP must develop a plan for making fire fighter 1 training available to all fire fighters in the state. The patrol's plan must include a minimum reimbursement of \$2 for every hour of fire fighter 1 training actually utilized by a department or district.

This training program is funded by reallocating 20 percent of 45 percent of the revenue generated by the fire insurance premium tax to fire services training account. This funding would have been distributed to cities.

Volunteer fire fighter pensions are increased as follows:

Base Benefit for all retirees	\$ 25/month	\$ 30/month
Incremental pension per year of service	\$ 8/month	\$ 10/month
Maximum benefit	\$225/month	\$280/month

The reductions for retirement before age 65, retirement with less than 25 years of service, or both, are reduced, resulting in larger pensions for persons who retire early. In addition,

changes were made to death benefit and survivor benefit provisions. A member's estate is added as a death beneficiary if the member does not have dependent parents or children. If a member's survivor beneficiary predeceases the member, the member's benefit increases to the amount it would have been had the member not chosen a survivor benefit.

Appropriation: None.

Fiscal Note: Available.

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

Testimony For (Transportation): The bill will provide for much needed fire fighter training, particularly for volunteer fire fighters and smaller districts that have difficulty affording training under the current system. The pension enhancements can be paid for out of the current fund balance and are an appropriate recognition of the service provided by volunteer fire fighters.

Testimony Against (Transportation): The goals of the bill are worthy. However, reallocating a portion of the money from the fire insurance premium tax away from the cities may cause revenue problems for some cities.

Testified (Transportation): Bruce Holloway, Spokane County Fire District 3 (pro); Duane Melo, WA State Assn. of Fire Chiefs (pro w/concerns); Ryan Spiller, WA Fire Commissioners' Assn. (pro); Jay Matsen, WA State Firefighters' Assn. (pro); Jim Justin, Assn. of WA Cities (w/concerns); Ralph Hayford, Thurston County Fire District 13 (pro); Mary Corso, State Fire Marshal (pro).

Testimony For (Ways & Means): The bill will provide for much needed fire fighter training, particularly for volunteer fire fighters and smaller districts that have difficulty affording training under the current system. This provides an appropriate funding mechanism for the training. The pension enhancements are just a small token of recognition for the valuable services that volunteer fire fighters provide.

Testimony Against (Ways & Means): None.

Testified (Ways & Means): Senator Mary Margaret Haugen, prime sponsor (pro); Jay Matsen, WA State Firefighters' Assn. (pro); Roger Ferris, WA Fire Commissioners' Assn. (pro).