

SENATE BILL REPORT

SHB 2895

As Reported By Senate Committee On:
Ways & Means, February 27, 2002

Title: An act relating to allowing port employees to join more than one retirement plan subject to a labor agreement.

Brief Description: Allowing port employees to join more than one retirement plan subject to a labor agreement.

Sponsors: House Committee on Appropriations (originally sponsored by Representatives Kessler, Chase and Ogden).

Brief History:

Committee Activity: Ways & Means: 2/26/02, 2/27/02 [DP].

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass.

Signed by Senators Brown, Chair; Regala, Vice Chair; Fairley, Vice Chair; Fraser, Kline, Kohl-Welles, Long, Parlette, Rasmussen, B. Sheldon, Snyder, Spanel, Thibaudeau and Winsley.

Staff: Erin Hannan (786-7708)

Background: Before 1999, Public Employees' Retirement System (PERS) employers were prohibited from providing additional retirement plans (such as employer sponsored 401K plans) to their employees. This excluded from PERS membership employees who were covered either by another state pension plan or by an independent employer-sponsored defined contribution plan.

Legislation enacted in 1999 authorized PERS employers to offer an employer-sponsored defined contribution plan qualified under Section 401 of the Internal Revenue Code. This legislation failed to amend a section affecting port employees, however, so the prohibition on participation in employer-sponsored defined contribution plans still applies to port employees.

Summary of Bill: A port district may enter into an agreement authorizing specified deductions from employee salaries for the purposes of participation in a private pension plan. No port district funds may be deposited in accounts subject to the agreement. The prohibition on PERS members who are port employees from participating in a private pension plan is lifted. No private pension plan in operation prior to December 31, 2001, is invalidated as a result of the affected statute. Participation in such a private pension plan does not exclude members from membership in PERS.

Appropriation: None.

Fiscal Note: Available.

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

Testimony For: This bill amends the law to help port employees who were previously unable to set aside wages for a supplemental pension plan. Employees at the Port of Port Angeles have been putting money in escrow while waiting for legislation that enabled them to contribute to a supplemental pension plan. Only employees contribute to supplemental plans; there are no employer contributions.

Testimony Against: None.

Testified: Scott Taylor, Washington Public Ports Association (pro); Mike Ryherd, Teamsters (pro).