

HOUSE BILL REPORT

HB 1202

As Reported by House Committee On:

Appropriations

Title: An act relating to allowing fire fighter emergency medical technicians to transfer public employees' retirement system service credit to the law enforcement officers' and fire fighters' plan 2.

Brief Description: Allowing fire fighter emergency medical technicians to transfer public employees' retirement system service credit to the law enforcement officers' and fire fighters' plan 2.

Sponsors: Representatives Simpson, Cooper, Delvin, Conway, Pflug, Hinkle, McDermott and Chase; by request of Joint Committee on Pension Policy.

Brief History:

Committee Activity:

Appropriations: 2/19/03, 2/20/03 [DPS].

Brief Summary of Substitute Bill

- Allows emergency medical technicians who: 1) Transfer to a fire department; and 2) become certified fire fighters eligible for participation in the Law Enforcement Officers' and Fire Fighters' Retirement System Plan 2 (LEOFF 2), the option to transfer past service credit earned as a public emergency medical technician in the Public Employees' Retirement System to LEOFF 2.

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 25 members: Representatives Sommers, Chair; Fromhold, Vice Chair; Sehlin, Ranking Minority Member; Pearson, Assistant Ranking Minority Member; Alexander, Buck, Clements, Cody, Conway, Cox, Dunshee, Grant, Hunter, Kagi, Kenney, Kessler, Linville, McDonald, McIntire, Miloscia, Pflug, Ruderman, Schual-Berke, Sump and Talcott.

Staff: David Pringle (786-7310).

Background:

Emergency Medical Technicians (EMTs) employed by local governments in health departments or other divisions of local governments are members of the Public Employees' Retirement System (PERS). EMTs employed by local governments in fire departments who are also qualified fire fighters are members of the Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF).

All employees first employed in PERS-eligible positions since 1977 have been enrolled in PERS Plan 2/3, which allows for an unreduced retirement allowance at age 65. All employees first employed in LEOFF-eligible positions since 1977 have been enrolled in LEOFF Plan 2, which allows for an unreduced retirement allowance at age 53. Those first employed in PERS and LEOFF-eligible positions before 1977 may be eligible to resume participation in PERS 1 or LEOFF 1 upon resumption of eligible employment.

Some EMTs have had their jobs moved from various local government entities to fire departments. Upon meeting all of the requirements to become fire fighters, such as training and passing applicable examinations, these EMTs employed at fire departments become members of LEOFF.

Members with service in both PERS 2 and LEOFF 2 may use the portability provisions of state retirement law to combine years of service and average salary for purposes of retirement eligibility, but the retirement ages of each plan still apply to the benefit receivable from each plan. The consequence of this is that only a greatly reduced PERS 2 benefit would be available to a member with service in PERS 2 and LEOFF 2 at the LEOFF 2 normal retirement age.

At least one local government employer has moved EMTs from a department such as a health department to a fire department, and those EMTs have become fire fighters and members of LEOFF. Several other local government employers are in various stages of considering a similar movement of EMTs to fire departments.

Summary of Substitute Bill:

EMTs who were previously members of PERS but who are transferred to a fire department and become members of LEOFF 2 may choose to: 1) Transfer to LEOFF 2 for future service credit; 2) remain in PERS; or 3) become members of LEOFF 2 and transfer previous service credit earned as an EMT in PERS to LEOFF 2.

An EMT who reenters LEOFF 1 after being transferred to a fire department may choose to remain in PERS or return to LEOFF 1 membership, but may not transfer service between the plans.

A member electing to transfer eligible service from PERS to LEOFF 2 must pay the retirement system the difference in contributions, plus interest, that would have been paid

by the employee if the employee's entire service was rendered in LEOFF 2. The employee must make the payment within five years from the date of application to transfer service credit.

No earlier than five years after the date the member applies to transfer service credit, and following completion of the employee payments, the past service credit is transferred from PERS to LEOFF 2 and the employee may use the transferred service to retire from LEOFF 2.

Additional employer contribution costs generated by the transfer of PERS service credit into LEOFF 2 are distributed among all LEOFF 2 employers, employees, and the state through the contributions paid into the retirement system.

The act expires July 1, 2013.

Substitute Bill Compared to Original Bill:

The expiration date of the act is changed from July 1, 2007 to July 1, 2013. A requirement is added that members must apply to transfer service credit by June 30, 2008, ensuring that the latest five year period for payment and transfer of service credit is complete before the act expires.

A reference to the portability provisions and LEOFF 1 is removed, and an erroneous cross-reference is corrected.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Substitute Bill: The bill takes effect 90 days after adjournment of session in which bill is passed.

Testimony For: The bill will allow third service paramedics who might have been working for a public hospital and who have had their jobs transferred to fire departments to transfer service. The jobs are transferred through no action of the employees, but this will allow them to receive their benefits starting at age 53 like other fire fighters. The five year work requirement after applying to transfer service could be a problem if a member becomes disabled, but this is a good bill for members.

Testimony Against: None.

Testified: Representative Simpson, prime sponsor; and Ricky Walsh, Washington State Council of Firefighters.

