

HOUSE BILL REPORT

SB 5522

As Reported by House Committee On:
Appropriations

Title: An act relating to purchasing service credit lost due to injury.

Brief Description: Purchasing service credit lost due to injury.

Sponsors: Senators Franklin, Weinstein, Keiser, Kastama, Zarelli, Rasmussen, Hewitt, Kline, Schmidt and Rockefeller.

Brief History:

Committee Activity:

Appropriations: 3/22/05, 3/23/05 [DPA].

Brief Summary of Bill
(As Amended by House Committee)

- Increases the period of unearned service credit that a member of the Public Employees' Retirement System may purchase related to an injury incurred in the line of duty from 12 months to 24 months.
- Requires members to make employee contributions based on the salary that the member would have earned had the member not been injured, and requires employers to make contributions at the rates in effect for the period of service purchased.

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: Do pass as amended. Signed by 28 members: Representatives Sommers, Chair; Fromhold, Vice Chair; Alexander, Ranking Minority Member; Anderson, Assistant Ranking Minority Member; McDonald, Assistant Ranking Minority Member; Armstrong, Bailey, Buri, Clements, Cody, Conway, Darneille, Dunshee, Grant, Haigh, Hinkle, Kagi, Kenney, Kessler, Linville, McDermott, McIntire, Miloscia, Pearson, Priest, Schual-Berke, Talcott and Walsh.

Staff: David Pringle (786-7310).

Background:

The Public Employees' Retirement System (PERS) Plans 1, 2 and 3 provide retirement benefits to most state and local government employees. Each plan provides a number of

options for members to purchase service credit for periods of leave from employment, such as temporary leave for disabilities and for periods of state service interrupted by periods of military service. These provisions are generally referred to as "optional service," and depending on the plan and the type of optional service a member has earned, the member may have to make contributions to the retirement systems to claim the service credit.

Members of the PERS Plans 1, 2 and 3 who become disabled in the line of duty and are receiving benefits from the Department of Labor and Industries can continue to earn service credit for up to 12 months if they pay employee contributions based upon the regular compensation the member would have received had the disability not occurred. Employer contributions will be collected by the Department of Retirement Systems (DRS) for the service related to contributions made by the disabled employee. If contributions are made retroactively, interest is charged on both the employee and employer contributions at a rate determined by the Director of DRS. This provision is not available to members who separate from employment, or who separate without leave of absence.

Summary of Amended Bill:

The period of unearned service credit that a member of PERS may purchase related to an injury incurred in the line of duty is increased from 12 months to 24 months.

Amended Bill Compared to Original Bill:

The amended bill extends the period of service credit that may be purchased from 12 months to 24 months by amending current law, rather than by creating a new section.

Appropriation: None.

Fiscal Note: Available.

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

Testimony For: Thank you for hearing this bill again. The underlying statute is probably a better way to do this than creating a new section, simply amending the current section of law from permitting up to two years of service credit that may be purchased to two.

Testimony Against: None.

Persons Testifying: Lynn Maier, Washington Public Employees Association.

Persons Signed In To Testify But Not Testifying: None.