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**Labor Committee**

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**HB 1986**

**Brief Description:** Permitting certain uniformed personnel, as defined in chapter 41.56 RCW, who are employed by counties and are members of the public employees' retirement system or the public safety employees' retirement system to negotiate to have their employers make the member retirement system contributions that are picked up pursuant to the federal tax code.

**Sponsors:** Representatives Kochmar and Sells.

**Brief Summary of Bill**

- Provides that, subject to a collective bargaining agreement, a county may agree to pay all or part of the retirement plan contributions that the county "picks up" for certain uniformed personnel.

**Hearing Date:** 2/16/15

**Staff:** Trudes Tango (786-7384).

**Background:**

There are several different types of state-administered retirement plans for state and local government employees. The Public Safety Employees' Retirement System (PSERS) provides retirement benefits for certain employees who work in positions with law enforcement duties. The Public Employees' Retirement System (PERS) provides retirement benefits for most regularly compensated employees who work for state agencies and most other public employers in Washington.

Both the employer and the employees make contributions to the retirement plans. Contribution rates are generally determined by a process established in statute.

Generally, when the public employer contributes to an employee retirement plan, that contribution amount is not included in the employee's gross income, and therefore not subject to

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federal income tax at the time of the contribution. However, an employee's contribution is included as part of the employee's gross income. The Internal Revenue Code allows a public employer to "pick up" the employee contribution, meaning those contributions will be designated as "employee contributions" but are treated as employer contributions. Under "pick up" the employee's gross income is reduced for federal income tax purposes by the amount of the contribution picked up by the employer.

Pick up is authorized for all employers of PERS and PSERS members, as well as other state retirement systems. The state requires pick up for state employee members of the retirement systems. The non-state employers participating in the retirement systems have the choice to implement pick up.

Under most collective bargaining laws, issues pertaining to wages, hours, and working conditions are mandatory subjects of bargaining, which means the parties have a duty to meet and negotiate about those issues in good faith. Permissive subjects are those issues that generally do not affect wages or hours or are considered remote from the terms and conditions of employment.

Under the Public Employee Collective Bargaining Act (PECBA), "uniformed personnel" include, among others: correctional employees who are employed in jails by counties with a population of 70,000 or more, and who are trained for and charged with responsibility for custody of inmates in the jail; firefighters; law enforcement officers in larger cities and counties; general authority peace officers and firefighters employed by certain port districts; security forces at a nuclear power plant; and publicly employed advanced life support technicians.

**Summary of Bill:**

Subject to a collective bargaining agreement, counties may agree to pay all or part of retirement plan contributions that it agrees to pick up for uniformed personnel who are members of PERS or PSERS. Such a provision is a permissible subject of bargaining for counties. Uniformed personnel are those employees who are considered "uniformed personnel" under the PECBA.

**Appropriation:** None.

**Fiscal Note:** Requested on February 10, 2015.

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