

HOUSE BILL REPORT

SSB 6523

As Reported by House Committee On: Appropriations

Title: An act relating to service credit for pension purposes for certain emergency medical services employees.

Brief Description: Providing service credit for pension purposes for certain emergency medical services employees.

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senators Pearson, Hasegawa and Conway).

Brief History:

Committee Activity:

Appropriations: 2/27/16, 2/29/16 [DPA].

Brief Summary of Substitute Bill (As Amended by Committee)

- Permits employees providing emergency medical services for a consortium of local governments to establish service credit in the Public Employees' Retirement System (PERS) for service performed for the consortium prior to July 27, 2003.
- Requires employees choosing to establish past service credit in PERS to pay both employer and employee contributions for the past service.
- Limits the option to a consortium of local governments fully contained within the boundaries of a county whose population is between 700,000 and 800,000 on the effective date of the act.

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: Do pass as amended. Signed by 18 members: Representatives Dunshee, Chair; Ormsby, Vice Chair; Cody, Fitzgibbon, Hansen, Hudgins, S. Hunt, Jinkins, Kagi, Lytton, Pettigrew, Robinson, Sawyer, Senn, Springer, Sullivan, Tharinger and Walkinshaw.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Minority Report: Do not pass. Signed by 12 members: Representatives Chandler, Ranking Minority Member; Wilcox, Assistant Ranking Minority Member; Buys, Condotta, Dent, Haler, Harris, MacEwen, Magendanz, Schmick, Taylor and Van Werven.

Minority Report: Without recommendation. Signed by 3 members: Representatives Parker, Assistant Ranking Minority Member; Manweller and Stokesbary.

Staff: David Pringle (786-7310).

Background:

Under the Interlocal Cooperation Act, two or more units of local governments can join together in a consortium to jointly perform various public duties that are within the statutory powers of the local governments. Some local governments have formed nonprofit corporations to provide emergency medical services within the jurisdictions of the local governments.

A nonprofit corporation that is wholly controlled by a state or local government entity is generally considered an arm or agency of the controlling government, and subject to the same legal obligations that apply to the controlling government. These obligations may include qualified employees of a wholly controlled nonprofit corporations in state retirement plan coverage. Conversely, state and local government entities are broadly prohibited under the Washington Constitution from owning or investing in private businesses, whether the private corporation is organized on a for-profit or a not-for-profit basis.

If an employee is found to be eligible for participation in the Washington retirement systems, such as the Public Employees' Retirement System (PERS), but was not enrolled in the appropriate retirement plan, the Department of Retirement Systems (DRS) is authorized to bill employers for the loss of the employer and employee contributions, including interest. Employer-paid employee contributions will not be credited to a retirement plan member's account until the employer notifies the DRS that the employee has been reimbursed for the payment of employee contributions.

The eligibility of the employees of nonprofit corporations created by local government consortiums to participate in state retirement systems was uncertain until an Attorney General's Opinion (AGO 2007 No. 6) was issued in 2007 that determined that the nonprofit corporations would qualify as an eligible employer for the purposes of participating in state retirement coverage.

Summary of Amended Bill:

An employee providing emergency medical services to a consortium of local governments may choose to establish service credit in the PERS for service performed prior to July 23, 2003, if the service was performed in a county with a current population exceeding 700,000 but fewer than 800,000.

The employee must pay both the employer and employee contribution, as calculated by the DRS, within five years of making the election to establish service credit.

The DRS shall treat the consortium member with the largest current population among consortium members who qualify as a PERS employer as the employer for purposes of establishing past service credit, but for no other purpose.

Amended Bill Compared to Substitute Bill:

The amended bill removed a requirement that a member buying past service in the PERS pay interest, as determined by the Director of the DRS, on the employee and employer contributions.

Appropriation: None.

Fiscal Note: Available.

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

Staff Summary of Public Testimony:

(In support) This will likely affect about 13 people in north Snohomish County. In one circumstance there was no clear public employer for the employees of an entity created by a consortium of local governments in the area. These employees were not provided with any pension system coverage. When the employees later became part of the Arlington Fire Department, the employees became eligible to join the Law Enforcement Officers' and Fire Fighters' Retirement System. Please amend the bill to remove the requirement that the employees pay for interest as well as both the employee and employer contributions.

(Opposed) None.

Persons Testifying: Michael White, Washington State Council of Fire Fighters.

Persons Signed In To Testify But Not Testifying: None.