

SENATE BILL REPORT

ESSB 5829

As Amended by House, March 6, 2020

Title: An act relating to pension benefits and contributions in the volunteer firefighters' and reserve officers' relief and pension system.

Brief Description: Concerning pension benefits and contributions in the volunteer firefighters' and reserve officers' relief and pension system.

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senators Mullet, Schoesler, Hunt, Walsh, Warnick, Takko and Van De Wege).

Brief History:

Committee Activity: Ways & Means: 3/01/19 [DPS].

Floor Activity:

Passed Senate: 3/11/19, 48-0; 2/19/20, 48-0.

Passed House: 3/06/20, 97-0.

Brief Summary of Engrossed First Substitute Bill

- Increases the annual disability relief fees for members and employers of volunteer firefighters, emergency medical workers, and law enforcement reserve officers.
- Increases the pension paid to volunteers from a maximum of \$300, to a maximum of \$350 plus \$10 per month for each year the retirement fee is paid beyond 25 years.

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Substitute Senate Bill No. 5829 be substituted therefor, and the substitute bill do pass.

Signed by Senators Rolfes, Chair; Frockt, Vice Chair, Operating, Capital Lead; Mullet, Capital Budget Cabinet; Braun, Ranking Member; Honeyford, Assistant Ranking Member, Capital; Becker, Billig, Carlyle, Conway, Darneille, Hasegawa, Hunt, Keiser, Liias, Palumbo, Pedersen, Rivers, Schoesler, Van De Wege, Wagoner, Warnick and Wilson, L..

Staff: Amanda Cecil (786-7460)

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.

Background: The Volunteer Fire Fighters' and Reserve Officers' Relief and Pension System (system) provides death, disability, medical, and retirement benefits to volunteer firefighters, reserve officers, and emergency medical workers in cities, towns, and fire protection districts. The system is funded by member and employer contributions and 40 percent of the fire insurance premium tax.

Employers are required to participate in the death, disability, and medical benefit plans collectively referred to as the relief benefits offered by the system, but participation in the pension component is optional and participants must enroll to be covered by the plan. Relief benefits are available to members covered under the relief provisions of the Volunteer Fire Fighters' and Reserve Officers' Relief and Pension Act who are injured in the performance of duty.

Eligibility for retirement pension benefits from the system begins after ten years of service as a member. The amount of the pension increases for each five years of service beyond the minimum ten years and for payments made into the pension portion of the system. The maximum pension is vested with 25 years of service and 25 payments into the pension fund. Full retirement benefits are available at age 65, and early retirement benefits are available to members with 25 years of service on an actuarially reduced basis beginning at age 60. The maximum pension benefit is \$300 per month.

At any time prior to retirement, or at the time of retirement, a member of the system may purchase retirement pension coverage for years of eligible service prior to the member's enrollment in the system, or for years of service credit lost due to the withdrawal of the member's pension contributions. A member choosing to purchase such retirement pension coverage must make a contribution to the system equal to the actuarial value of the resulting benefit increase. The municipality that the member serves may contribute some or all of the amount required to purchase coverage.

Summary of Engrossed First Substitute Bill: Beginning July 1, 2020, the maximum monthly pension paid to members of the system is increased from \$300 to \$350. Beginning on the date that the Board for Volunteer Firefighters and Reserve Officers receives a determination from the IRS that these amounts do not exceed limits on deferred compensation from a volunteer plans, but no sooner than July 1, 2022, the maximum benefit of \$350 is increased by \$10 per month for each year that the retirement fee is paid beyond 25 years.

Beginning January 1, 2021, the annual disability relief fee for each fire department member of the system is increased from \$30 to \$50 and the fee for emergency workers and reserve officers is increased from \$30 to \$45. The annual pension fee for fire departments is increased from \$60 to \$90 and the fee paid by emergency medical service districts and municipal corporations is increased from \$30 to \$45.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: The bill contains several effective dates. Please refer to the bill.

Staff Summary of Public Testimony on Original Bill: *The committee recommended a different version of the bill than what was heard.* PRO: The pension benefit has not increased since 1992. This bill comes out of two years of stakeholder collaboration. The number of volunteers have been dwindling and this is a carrot to attract and retain volunteers.

Persons Testifying: PRO: Senator Mark Mullet, Prime Sponsor; TJ Nedrow, Washington State Fire Fighters' Association.

Persons Signed In To Testify But Not Testifying: No one.

EFFECT OF HOUSE AMENDMENT(S):

- Changes the effective date of the bill until the later of July 1, 2021, or the date that the Board for Volunteer Firefighters and Reserve Officers receives notice from the Internal Revenue Service that the Volunteer Firefighters' and Reserve Officers' Relief and Pension System is a qualified plan.
- Requires the board to notify the affected parties, the Legislature, and the Office of the Code Reviser of the effective date.