

FINAL BILL REPORT

EHB 1336

C 73 L 23

Synopsis as Enacted

Brief Description: Splitting the volunteer firefighters' and reserve officers' relief and pension principal fund into two accounts.

Sponsors: Representatives Stokesbary, Springer, Reeves, Graham and Lekanoff; by request of Board for Volunteer Fire Fighters.

House Committee on Appropriations

Senate Committee on Ways & Means

Background:

The Volunteer Fire Fighters' and Reserve Officers' Relief and Pension System (VFFRORPS) provides death, disability, medical, and retirement benefits to volunteer firefighters, reserve officers, and emergency medical workers in cities, towns, and fire protection districts. The VFFRORPS 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 "relief benefits", offered by the VFFRORPS, 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. The annual fee for volunteer firefighters is \$50 for disability relief and \$90 for pensions. The annual fee for reserve officers is \$45 for disability relief and \$45 for pensions.

Eligibility for retirement pension benefits from the VFFRORPS begins after 10 years of service as a member. The amount of the pension increases for each five years of service beyond the minimum 10 years and for payments made into the pension portion of the VFFRORPS. 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

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at age 60. The maximum pension benefit is \$350 per month, increased by \$10 for each year beyond 25 that the retirement fee is paid.

In 2020 it was discovered that the VFFRORPS was not a tax-qualified plan under the rules of the federal Internal Revenue Service (IRS), meaning that the contributions and benefits for the volunteers in the plan could be subject to additional income tax consequences. Upon consulting with tax counsel and the IRS, it was determined that in order to become a qualified plan, it could not contain both volunteer firefighters and reserve officers within the same plan.

Summary:

The Volunteer Firefighters' and Reserve Officers' Relief and Pension System is divided into two separate plans, one for volunteer firefighters, and one for reserve officers. The bill adjusts plan requirements that are contingent on IRS approval to account for the division of VFFRORPS into separate plans, and that only the separate volunteer firefighters' plan, and not the reserve officers' plan will be a tax-qualified plan. Any tax liability that results from the division of the plan to be paid by the principal fund for the appropriate plan.

Votes on Final Passage:

House	96	0
Senate	48	0

Effective: July 23, 2023
Contingent (Section 7)
July 1, 2024 (Section 10)