

# HOUSE BILL REPORT

## EHB 1336

---

---

### As Passed Legislature

**Title:** An act relating to splitting the volunteer firefighters' and reserve officers' relief and pension principal fund into two accounts.

**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.

**Brief History:**

**Committee Activity:**

Appropriations: 1/26/23, 2/1/23 [DP].

**Floor Activity:**

Passed House: 3/2/23, 96-0.

Passed Senate: 3/31/23, 48-0.

Passed Legislature.

### Brief Summary of Engrossed Bill

- Divides the Volunteer Firefighters' and Reserve Officers' Relief and Pension System into two separate plans, one for volunteer firefighters and one for reserve officers.
- Requires that any tax liability that may result from the division of the plan be paid by the principal fund for the appropriate plan.

---

### HOUSE COMMITTEE ON APPROPRIATIONS

**Majority Report:** Do pass. Signed by 30 members: Representatives Ormsby, Chair; Bergquist, Vice Chair; Gregerson, Vice Chair; Macri, Vice Chair; Chambers, Assistant Ranking Minority Member; Corry, Assistant Ranking Minority Member; Berg, Chandler,

---

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

Chopp, Connors, Couture, Davis, Dye, Fitzgibbon, Hansen, Harris, Lekanoff, Pollet, Riccelli, Rude, Ryu, Sandlin, Schmick, Senn, Simmons, Slatter, Springer, Steele, Stonier and Tharinger.

**Staff:** David Pringle (786-7310).

**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 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 of Engrossed Bill:**

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.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** The bill contains multiple effective dates. Please see the bill.

**Staff Summary of Public Testimony:**

(In support) When the Legislature was evaluating another bill related to the volunteer firefighters' plan a few years ago, it became apparent that there were issues with the plan's tax qualification status. The beneficiaries of this plan need to have the opportunities to enjoy what the plan provides without interference from the Internal Revenue Service. The bill allows the Volunteer Firefighters Board to split the plan and administer it as a length-of-service plan under federal rules. This bill will also allow a benefit increase passed by the Legislature several years ago to take effect. These volunteers are often underappreciated, and this allows a valuable benefit increase to take effect.

(Opposed) None.

**Persons Testifying:** Representative Drew Stokesbary, prime sponsor; Ryan Spiller, Washington Fire Commissioners Association; and Hailey Blankenship, State Board for Volunteer Firefighters and Reserve Officers.

**Persons Signed In To Testify But Not Testifying:** None.