

2007 Legislative Update

Washington State Law Enforcement
Officers' and Fire Fighters' Plan 2
Retirement Board

May 30, 2007

Overview

- Board Bills - Passed
- Board Bills – Did Not Pass
- Related Legislation

Board Bills - Passed

- Service Credit Transfer Waiting Period (HB 1680)
- Board Membership (SHB 1679)

Board Bills - Passed

- Temporary Duty Disability (SHB 1261)
- Dual Membership (SHB 1264)
- Contribution Rate Process (SB 5014)

Board Legislation – Did Not Pass

- Retiree Health Care (HB 1678 & SB 5589)
- FWEO Service Credit Transfer (HB 1687 & SB 5588)
- \$150,000 Death Benefit (SHB 1266) - Amended

Related Legislation

- Alternate Revenue (HB 2381) – did not pass
- Expanding Occupational Disease Presumption (ESHB 1833) – passed
- \$150,000 Death Benefit (SHB 1266)

Alternate Revenue

- Streamlined Sales Tax Project (SST)
 - Streamlined Sales and Use Tax Agreement
- SSB 5089 (2007) conforms WA to SST

Alternate Revenue

- Changes location of sales tax collection
- Allows “remote seller” to collect sales tax on behalf of WA
- Mitigates unintended adverse impacts on local taxing jurisdictions

Alternate Revenue

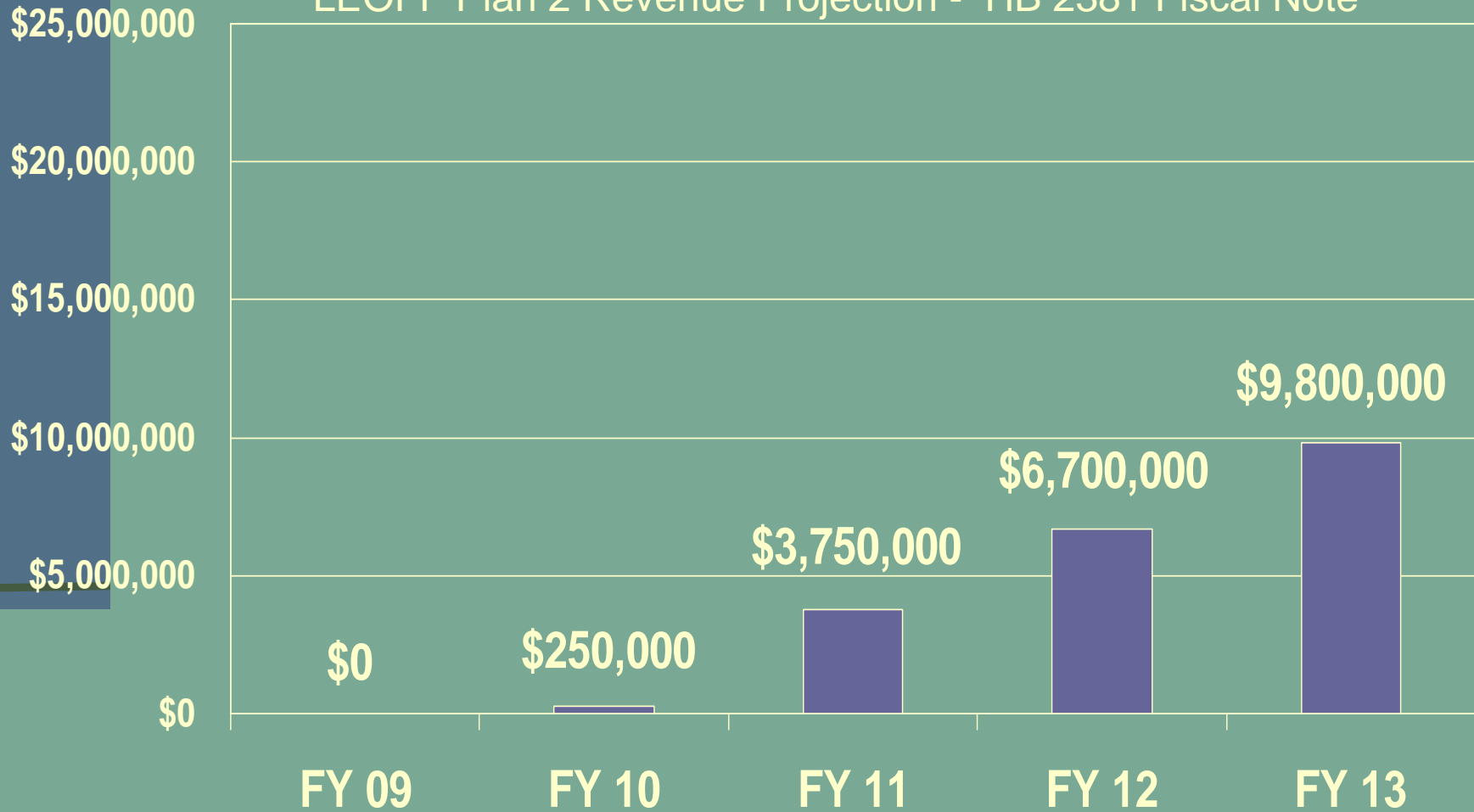
- Redirects “Voluntary Compliance Revenue”
 - Funding for local government mitigation
 - Funding for LEOFF Plan 2
 - Funding for local government law enforcement and fire fighting activities

Alternate Revenue

- Every quarter beginning January 1, 2009
- “Voluntary Compliance Revenue” in excess of mitigation needs transferred
- Lesser of “Voluntary Compliance Revenue” or \$12.5 million per quarter
 - Divided between LEOFF Plan 2 and local government
 - Max \$25 million per year for LEOFF Plan 2

Alternate Revenue

LEOFF Plan 2 Revenue Projection - HB 2381 Fiscal Note



Occupational Disease Presumption

- Expanded Cancer Presumption
 - Prostate Cancer (diagnosed prior to 50)
 - Colorectal Cancer
 - Multiple Myeloma
 - Testicular Cancer

- Expanded Heart Presumption
 - Heart problems experienced within 24 hours of strenuous physical exertion due to “fire fighting activities”.

- Recovery of attorney’s fees and costs

Occupational Disease Presumption

- Supplemental Cost
 - Employee 0.03%
 - Employer 0.02%
 - State 0.01%
- Board Reviewed Presumption in 2005
- Presumption for Law Enforcement

Death Benefit

- Military Line of Duty Death Benefit
 - PERS 2 member with 10 or more years of service
 - Provides 200% of contributions to survivor
 - Killed after January 1, 2007 while serving in uniformed services:
 - Enduring Freedom
 - Persian Gulf
 - Operation Iraqi Freedom

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Questions?

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LEOFF Plan 2 Retirement Board Recommended Bills - Passed

Bill Title	Bill Number	Summary
Service Credit Transfer Waiting Period	HB 1680	Creates an exception to the five-year waiting period for the transfer of service credit due to death or disability for Emergency Medical Technicians (EMTs) who became members of LEOFF Plan 2 under legislation in 2004 & 2006.
Board Membership	SHB 1679	Amends when employer, legislative and retiree representatives join the Board. Employer terms will be staggered. Legislative terms will be two years and run from January through December. The fire fighter and law enforcement positions scheduled to be filled by retirees beginning in July 2007, can be filled by either active or retired members, but one of those positions must be filled by a retiree beginning January 2008.
Temporary Duty Disability	SHB 1261	Allows LEOFF Plan 2 members to purchase up to twenty-four consecutive months of service credit for each temporary duty disability.
Dual Membership	SHB 1264	Changes the definition of base salary to include payments that are reportable in both systems and were previously excluded, such as overtime. Removes the "maximum benefit rule" for members with less than fifteen years of service in a capped plan <u>and</u> service in an uncapped plan. Adds LEOFF Plan 2 to the list of retirement plans whose members can combine service credit for improved benefits tied to length of service.
Contribution Rate Process	SHB 1044	Amends the contribution rate adoption process described in the actuarial funding chapter such that the LEOFF Plan 2 contribution rate-setting will occur two months earlier than it does now.

LEOFF Plan 2 Retirement Board Recommended Bills – Did Not Pass

Bill Title	House Bill	Senate Bill	Summary
Retiree Health Care Insurance Access	HB 1678	SSB 5589	Provided all LEOFF Plan 2 retirees with the option to purchase health insurance coverage through the State PEBB program. LEOFF Plan 2 retirees would pay the full cost of the insurance premiums.
Fish and Wildlife Service Credit Transfer	HB 1687	SB 5588	Provided Fish & Wildlife Enforcement Officers with the opportunity to transfer their past service as Enforcement Officers from PERS Plan 2 to LEOFF Plan 2.

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Related Legislation

Bill Title	Status	Bill Number	Comments
Expanding Occupational Disease Presumption	Passed	ESHB 1833	<p>Modifies the presumption for heart conditions, heart impairments, and injury to the heart causing death to state specifically that the presumption of occupational disease applies to "heart problems" that are experienced within 72 hours of exposure to smoke, fumes, or toxic substances, or within 24 hours (instead of 72 hours) of exposure to strenuous physical exertion.</p> <p>Narrows the cancers added to the list of cancers granted the presumption of occupational disease by eliminating stomach cancer, clarifying colorectal cancer (instead of intestinal), and limiting prostate cancer to prostate cancer diagnosed prior to the age of fifty.</p> <p>Clarifies that, when the reasonable costs of litigation are ordered to be paid, they must be paid by the opposing party.</p> <p>Requires payment of time loss and medical aid benefits when an employer protests or appeals an order related to the presumption of occupational disease and the order grants benefits for a firefighter determined to be terminally ill by his or her medical provider.</p>
Alternative Revenue	Did Not Pass	HB 2381	<p>This bill redirects certain revenue from the Streamlined Sales and Use Tax to fund local law enforcement and firefighting activities and the law enforcement officers' and firefighters' retirement system. It starts January 1, 2009 and would include amounts in excess of the need for local government mitigation. It would be divided equally between these two purposes not to exceed \$12.5 million during a calendar quarter.</p>
\$150,000 Death Benefit Inflation Adjustment	Passed as Amended	SHB 1266	<p>Expands the eligibility for the \$150,000 death benefit to include death from duty-related illness in all retirement system/plans where it is not already provided.</p> <p>Provides survivor of a PERS member who dies while on active military duty with 200% of members' accumulated contributions.</p> <p>Removed the annual inflation adjustment recommended by the Board</p>