

Multiple Agency Fiscal Note Summary

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| Bill Number: 1056 HB | Title: Postretirement employment |
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Estimated Cash Receipts

NONE

| Agency Name | 2023-25 | | 2025-27 | | 2027-29 | |
|---------------------|------------------|-------|-----------|-------|-----------|-------|
| | GF- State | Total | GF- State | Total | GF- State | Total |
| Local Gov. Courts | | | | | | |
| Loc School dist-SPI | | | | | | |
| Local Gov. Other | No fiscal impact | | | | | |
| Local Gov. Total | | | | | | |

Estimated Operating Expenditures

| Agency Name | 2023-25 | | | | 2025-27 | | | | 2027-29 | | | |
|---------------------------------------|---------------------------|----------|-------------|-------|---------|----------|-------------|-------|---------|----------|-------------|-------|
| | FTEs | GF-State | NGF-Outlook | Total | FTEs | GF-State | NGF-Outlook | Total | FTEs | GF-State | NGF-Outlook | Total |
| Department of Retirement Systems | Fiscal note not available | | | | | | | | | | | |
| Actuarial Fiscal Note - State Actuary | Fiscal note not available | | | | | | | | | | | |
| Total \$ | 0.0 | 0 | 0 | 0 | 0.0 | 0 | 0 | 0 | 0.0 | 0 | 0 | 0 |

| Agency Name | 2023-25 | | | 2025-27 | | | 2027-29 | | |
|---------------------|------------------|----------|-------|---------|----------|-------|---------|----------|-------|
| | FTEs | GF-State | Total | FTEs | GF-State | Total | FTEs | GF-State | Total |
| Local Gov. Courts | | | | | | | | | |
| Loc School dist-SPI | | | | | | | | | |
| Local Gov. Other | No fiscal impact | | | | | | | | |
| Local Gov. Total | | | | | | | | | |

Estimated Capital Budget Expenditures

| Agency Name | 2023-25 | | | 2025-27 | | | 2027-29 | | |
|---------------------------------------|---------------------------|-------|-------|---------|-------|-------|---------|-------|-------|
| | FTEs | Bonds | Total | FTEs | Bonds | Total | FTEs | Bonds | Total |
| Department of Retirement Systems | Fiscal note not available | | | | | | | | |
| Actuarial Fiscal Note - State Actuary | Fiscal note not available | | | | | | | | |
| Total \$ | 0.0 | 0 | 0 | 0.0 | 0 | 0 | 0.0 | 0 | 0 |

| Agency Name | 2023-25 | | | 2025-27 | | | 2027-29 | | |
|---------------------|------------------|----------|-------|---------|----------|-------|---------|----------|-------|
| | FTEs | GF-State | Total | FTEs | GF-State | Total | FTEs | GF-State | Total |
| Local Gov. Courts | | | | | | | | | |
| Loc School dist-SPI | | | | | | | | | |
| Local Gov. Other | No fiscal impact | | | | | | | | |
| Local Gov. Total | | | | | | | | | |

Estimated Capital Budget Breakout

NONE

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|---|---------------------------------|---------------------------------------|
| Prepared by: Marcus Ehrlander, OFM | Phone: (360) 489-4327 | Date Published: Preliminary |
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LOCAL GOVERNMENT FISCAL NOTE

Department of Commerce

Bill Number: 1056 HB

Title: Postretirement employment

Part I: Jurisdiction-Location, type or status of political subdivision defines range of fiscal impacts.

Legislation Impacts:

- Cities:
- Counties:
- Special Districts:
- Specific jurisdictions only:
- Variance occurs due to:

Part II: Estimates

- No fiscal impacts.
- Expenditures represent one-time costs:
- Legislation provides local option:
- Key variables cannot be estimated with certainty at this time:

Estimated revenue impacts to:

None

Estimated expenditure impacts to:

None

Part III: Preparation and Approval

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| Fiscal Note Analyst: Kristine Williams | Phone: (564) 669-3002 | Date: 01/11/2023 |
| Leg. Committee Contact: David Pringle | Phone: 360-786-7310 | Date: 01/04/2023 |
| Agency Approval: Alice Zillah | Phone: 360-725-5035 | Date: 01/11/2023 |
| OFM Review: Marcus Ehrlander | Phone: (360) 489-4327 | Date: 01/11/2023 |

Part IV: Analysis

A. SUMMARY OF BILL

Description of the bill with an emphasis on how it impacts local government.

This legislation will repeal certain postretirement restrictions on employment in RCWs to allow current and future retirees within the state's retirement systems the option to work a certain number of hours per calendar year without suspension of their retirement benefits. The legislation establishes an effective date of January 1, 2024.

Section 1 would amend RCW 41.32.765(3) to allow current or future retirees of the teachers' retirement system the option to work up to 867 hours per calendar year without suspension of his or her retirement benefits and changes the definition of employer once the member reaches the age of 65.

Section 2 would amend RCW 41.32.802(2) to remove language for retired teachers who have exercised early retirement one month after their accrual date and are employed in a nonadministrative capacity.

Section 3 would amend RCW 41.32.862(2) to remove the requirement that retired teachers who are employed in a nonadministrative capacity reenter employment one calendar month after his or her accrual date.

Section 4 would amend RCW 41.32.875(3) to allow current or future retirees of the teachers' retirement system the option to work up to 867 hours per calendar year without suspension of his or her retirement benefits and changes the definition of employer once the member reaches the age of 65.

Section 5 would amend RCW 41.35.060(2) to remove language specific to retired school employees who have exercised early retirement one calendar month after their accrual date and are employed in a nonadministrative capacity.

Section 6 would amend RCW 41.35.420(3) to allow members of the Washington school employee's retirement system the option to work up to 867 hours per calendar year without suspension of his or her retirement benefits and changes the definition of employer once the member reaches the age of 65.

Section 7 would amend RCW 41.35.680(3) to allow members of the Washington school employee's retirement system the option to work up to 867 hours per calendar year without suspension of his or her retirement benefits and changes the definition of employer once the member reaches the age of 65.

Section 8 would amend RCW 41.40.630(3) to allow members of the Washington public employees' retirement system the option to work up to 867 hours per calendar year without suspension of his or her retirement benefits and changes the definition of employer once the member reaches the age of 65.

Section 9 would amend RCW 41.40.820(3) to allow members of the Washington public employees' retirement system the option to work up to 867 hours per calendar year without suspension of his or her retirement benefits and changes the definition of employer once the member reaches the age of 65.

Section 10 would add a new section establishing an effective date of January 1, 2024.

B. SUMMARY OF EXPENDITURE IMPACTS

Expenditure impacts of the legislation on local governments with the expenditure provisions identified by section number and when appropriate, the detail of expenditures. Delineated between city, county and special district impacts.

This legislation would have no impact on local government expenditures.

The proposed amendments to Secs. 8 and 9 apply to members of the Public Employees' Retirement System (PERS) which includes city and county government employees and retirees. As stated in the June 21, 2022, Select Committee on Pension Policy (SCPP) briefing paper, early retirement creates a cost to the state's system which is offset by an actuarial

reduction. This legislation would address administrative difficulties and provide consistency between retirement plans but would not impose a cost to local governments.

C. SUMMARY OF REVENUE IMPACTS

Revenue impacts of the legislation on local governments, with the revenue provisions identified by section number, and when appropriate, the detail of revenue sources. Delineated between city, county and special district impacts.

This legislation would have no impact on local government revenues.

SOURCES

Association of Washington Cities

Washington State Association of Counties

Joint Legislative Select Committee on Pension Policy