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To the Honorable Speaker and Members,
The House of Representatives of the State of Washington

Ladies and Gentlemen:

I am returning, without my approval as to Section 2, Substitute House Bill No. 2688 entitled:

"AN ACT Relating to the law enforcement officers' and fire fighters' retirement system plan 1."

Local governments face challenges in providing health care benefits for retired members of the Law Enforcement Officers' and Firefighters' Retirement System Plan 1 (LEOFF 1). The cost of these benefits can be significant, especially for smaller jurisdictions. It is sensible for the state to assist local governments in their search for ways to address this obligation in the most efficient way possible. However, a thorough and careful review of options will take longer than provided in the bill, and will need to include a broader range of possibilities. The bill also charges a task force to study the use of excess pension assets to provide health care coverage. Notwithstanding potential legal barriers to this use of pension assets, the current financial situation of the LEOFF 1 pension plan clearly does not support this option.

While I am vetoing Section 2, I am directing the Department of Retirement Systems and the Health Care Authority to lay the groundwork for study of this issue, and to consult plan members and representatives of local governments in their work.

For these reasons, I have vetoed Section 2 Substitute House Bill No. 2688

With the exception of Section 2, Substitute House Bill No. 2688 is approved.

Respectfully submitted,

/s/
Christine O. Gregoire
Governor