

**KITTITAS COUNTY
COMMISSIONER'S OFFICE
AGENDA STAFF REPORT**

AGENDA DATE: March 15, 2010

ACTION REQUESTED: Letters to Senators Cantwell and Murray and Representative Hastings seeking legislation to correct IRS rules for HRA VEBA accounts

BACKGROUND: Many political subdivisions in Washington, Oregon and Idaho participate in voluntary employees' beneficiary association (VEBA) trusts which provide HRAs. A 2006 IRS ruling imposes rules on HRAs which cause participants in these plans to lose earned benefits if they die without a spouse or dependent. In 2008, Congress passed the Worker, Retiree, and Employer Recovery Act of 2008 (HR7327) that addressed this situation for certain HRA plans (those created in conjunction with public retirement systems), but not all. A technical fix is needed to include plans established by or on behalf of a state or political subdivision, such as a city, county, port, PUD or school district. This is a non-controversial, technical fix that is actually revenue positive to the federal government.

INTERACTION:

RECOMMENDATION: To approve Board signature of the attached letters.

HANDLING: Fax and Email letters to Senators Cantwell and Murray and Representative Hastings
Email copy to Brad Hawkins
Original to Clerk of the Board

ATTACHMENTS: Email from Brad Hawkins requesting letters of support
Letters

LEAD STAFF: Catherine Dunn, Deputy Clerk of the Board