

2007 Regular Legislative Session
FISCAL ANALYSIS OF PROPOSED LEGISLATION
Prepared by the Oregon Legislative Fiscal Office

MEASURE NUMBER: HB 2280

STATUS: B-Engrossed

SUBJECT: Equal to or better reviews of retirement benefits of local government police and fire employees

GOVERNMENT UNIT AFFECTED: Public Employees Retirement System, local governmental units, Oregon Judicial Department

PREPARED BY: Adrienne Sexton

REVIEWED BY: Dallas Weyand, Robin LaMonte

DATE: May 29, 2007

2007-2009

2009-2011

EXPENDITURES:

See Comments

EFFECTIVE DATE: January 1, 2008

GOVERNOR’S BUDGET: This bill is not anticipated by the Governor’s recommended budget.

LOCAL GOVERNMENT MANDATE: This bill does not affect local governments' service levels or shared revenues sufficient to trigger Section 15, Article XI of the Oregon Constitution.

COMMENTS: Local governmental units that do not provide police and fire employees retirement benefits under the Public Employees Retirement System (PERS) are required, by law, to provide retirement benefits that are “equal to or better” than those provided under PERS. PERS is required to conduct studies every two years to determine whether the retirement benefits provided by local governmental units actually are equal to or better than those provided by PERS. The studies are conducted by actuarial firms selected by PERS and the costs of the studies are paid by the local governmental units. This measure would remove the mandatory two-year study cycle, and require PERS to adopt rules that would provide guidance as to when the studies would be required. This provision will relieve the employer of these biennial costs while requiring objective rules for determining when these costs should be incurred.

The “equal to or better” study would compare local governmental unit benefits to the similar class of PERS members (Tiers 1 and 2 and OPSRP). While these studies would be more costly to local governmental units, their periodic cost is expected to be more than offset by the removal of the biennial study requirement.

The measure also would provide that if an employer whose benefits are determined to be not equal to or better than PERS benefits fails to provide that class of employee with adequate benefits, an employee in that class could file an action in circuit court to compel compliance. The Oregon Judicial Department reports that there would be an indeterminate impact as the number and timing of cases cannot be predicted, and it is not known whether cases would be filed as class action lawsuits or regular civil cases.