

**REVENUE:** No revenue impact

**FISCAL:** May have fiscal impact, statement not yet issued

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<b>Action:</b>	Without Recommendation as to Passage and Be Referred to the Committee on Rules
<b>Vote:</b>	10 - 0 - 0
<b>Yeas:</b>	Barton, Cameron, Edwards C., Esquivel, Holvey, Kennemer, Matthews, Thatcher, Witt, Schaufler
<b>Nays:</b>	0
<b>Exc.:</b>	0
<b>Prepared By:</b>	Theresa Van Winkle, Administrator
<b>Meeting Dates:</b>	4/27

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**WHAT THE MEASURE DOES:** Allows an public employer participating in the Public Employees Retirement System to request that excess amounts in a side account established for lump sum payments either be refunded to the employer or applied to offset contributions to an individual account program if the Public Employees Retirement Board determines that amounts in the account exceed amounts necessary to fund the employer's actuarial liabilities. Declares an emergency, effective upon passage.

**ISSUES DISCUSSED:**

- Referral to House Committee on Rules

**EFFECT OF COMMITTEE AMENDMENT:** No amendment.

**BACKGROUND:** Public employers who participate in the Public Employees Retirement System (PERS) can make lump sum payments to the system to pre-fund employer obligations; typically, done after issuing pension obligation bonds or savings from internal operations. In turn, PERS establishes a separate account for the lump sum amount and amortizes the account to offset contributions made over a specified period. Once these payments are paid into the system, the employer cannot direct how the funds in the separate account are used within the system, or request a refund of those funds.

HB 3401 allows a participating employer, after the PERS Board has determined that the funds in the separate account exceeds what is necessary to fund the employer's actuarial liabilities, to direct how the excess funds will be applied, and requires the excess amount to be refunded to the employer.

According to PERS, as of December 2008, 142 employers have established side accounts. The majority of participating employers are school districts, followed by community colleges. As of December 2007, 34 employers have multiple side accounts: one city, one special district, two community colleges, and 30 school districts.