

**76th OREGON LEGISLATIVE ASSEMBLY – 2011 Regular Session
BUDGET REPORT AND MEASURE SUMMARY**

MEASURE: HB 2456-B

JOINT COMMITTEE ON WAYS AND MEANS

Carrier – House: Rep. G. Smith

Carrier – Senate: Sen. Nelson

Action: Do Pass the A-Engrossed Measure as Amended and as Printed B-Engrossed

Vote: 21 – 4 – 0

House – Yeas: Beyer, Buckley, Cowan, Freeman, Komp, Kotek, Nathanson, Nolan, Richardson, G. Smith, Thatcher, Whisnant
– Nays: Garrard, McLane
– Exc:

Senate – Yeas: Bates, Devlin, Edwards, Girod, Johnson, Monroe, Nelson, Verger, Winters
– Nays: Thomsen, Whitsett
– Exc:

Prepared By: Blake Johnson, Department of Administrative Services

Reviewed By: Laurie Byerly, Legislative Fiscal Office

Meeting Date: June 24, 2011

Agency

Public Employees Retirement System (PERS)

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Biennium

2011-13

Budget Summary*

	2009-11	2011-13	2011-13	2011-13	Committee Change from	
	Legislatively Approved Budget	Current Service Level	Governor's Budget	Committee Recommendation	2009-11 Leg Approved	
					\$ Change	% Change
Public Employees Retirement System						
Other Funds				\$ 570,412	570,412	

Position Summary

Authorized Positions	1
Full-time Equivalent (FTE) Positions	0.75

Summary of Revenue Changes

House Bill 2456 makes changes to retirement benefits paid by PERS to members who reside in states other than Oregon. This measure has no direct effect on revenues.

Summary of Capital Construction Subcommittee Action

House Bill 2456 eliminates a benefit for certain Public Employees Retirement System (PERS) retirees who reside out of state. PERS retirees living in Oregon receive an increased benefit to offset Oregon income taxes on their retirement benefits. However, retirees that subsequently move out of state continue to receive the benefit even though they no longer pay taxes to the State of Oregon.

This bill prohibits the increased benefit in these cases, but only for employees retiring on or after January 1, 2012. While this change should reduce some future benefit payments, that reduction is indeterminate and directly tied to member retirement behavior. If the bill does decrease system liabilities, the earliest employer rates would be affected is in the 2015-17 biennium. The bill also allows the Department of Revenue to share taxpayer information with PERS or other public employee retirement plans for the purpose of determining if a payee is ineligible for the increased benefit payment.

A person may challenge the bill by filing a petition with the Oregon Supreme Court within 60 days after the effective date of the bill. The court is required to give priority to this proceeding and may appoint a special master to hear evidence and prepare findings of fact. Potential costs for the Judicial Department associated with these actions are indeterminate and can be addressed by the Legislature when incurred.

The Subcommittee approved \$570,412 Other Funds and one part-time, limited duration Retirement Counselor position (0.75 FTE) to make required system modifications and implement a manual work-around until such modifications are completed.

Summary of Performance Measure Action

There are no performance measures relating to this bill.

DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION

HB 2456-B

**Public Employees Retirement System
Blake Johnson -- (503) 378-3195**

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
<u>SUBCOMMITTEE ADJUSTMENTS</u>									
<i>Operations</i>									
<i>Package 841 - HB 2456</i>									
Personal Services	\$ 0	\$ 0	\$ 125,412	\$ 0	\$ 0	\$ 0	\$ 125,412	1	0.75
Services and Supplies	\$ 0	\$ 0	\$ 445,000	\$ 0	\$ 0	\$ 0	\$ 445,000	0	0.00
TOTAL ADJUSTMENTS	\$ 0	\$ 0	\$ 570,412	\$ 0	\$ 0	\$ 0	\$ 570,412	1	0.75

*Excludes Capital Construction Expenditures