

House Bill 3204

Sponsored by Representative CONGER

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Limits total retirement benefit payable under Public Employees Retirement System to 100 percent of final average salary. Reduces limit to 90 percent for members who retire on or after January 1, 2018, and to 80 percent for members who retire on or after January 1, 2023. Provides that limit does not reduce retirement allowance or pension of member as calculated immediately before limitations are imposed.

Declares emergency, effective on passage.

A BILL FOR AN ACT

1
2 Relating to public employee retirement; creating new provisions; amending ORS 238A.125; and de-
3 claring an emergency.

4 **Be It Enacted by the People of the State of Oregon:**

5 **SECTION 1. Section 2 of this 2013 Act is added to and made a part of ORS chapter 238.**

6 **SECTION 2. (1) Notwithstanding any provision of ORS 238.300, the service retirement**
7 **allowance determined under ORS 238.300 may not exceed:**

8 (a) **One hundred percent of final average salary if the member retires on or after the**
9 **effective date of this 2013 Act and before January 1, 2018.**

10 (b) **Ninety percent of final average salary if the member retires on or after January 1,**
11 **2018, and before January 1, 2023.**

12 (c) **Eighty percent of final average salary if the member retires on or after January 1,**
13 **2023.**

14 **SECTION 3. (1) Notwithstanding section 2 of this 2013 Act, the service retirement al-**
15 **lowance of a member of the Public Employees Retirement System who retires under ORS**
16 **chapter 238 on or after the effective date of this 2013 Act and before January 1, 2018, may**
17 **not be less than the service retirement allowance the member would have received if the**
18 **member had retired on March 1, 2013.**

19 (2) **Notwithstanding section 2 of this 2013 Act, the service retirement allowance of a**
20 **member of the Public Employees Retirement System who retires under ORS chapter 238 on**
21 **or after January 1, 2018, and before January 1, 2023, may not be less than the service re-**
22 **irement allowance the member would have received if the member had retired on December**
23 **1, 2017.**

24 (3) **Notwithstanding section 2 of this 2013 Act, the service retirement allowance of a**
25 **member of the Public Employees Retirement System who retires under ORS chapter 238 on**
26 **or after January 1, 2023, may not be less than the service retirement allowance the member**
27 **would have received if the member had retired on December 1, 2022.**

28 **SECTION 4. ORS 238A.125, as amended by section 2, chapter 31, Oregon Laws 2012, is amended**
29 **to read:**

NOTE: Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted. New sections are in **boldfaced** type.

1 238A.125. (1) Upon retiring at normal retirement age, a vested pension program member shall
 2 be paid an annual pension for the life of the member as follows:

3 (a) For service as a police officer or firefighter, 1.8 percent of final average salary multiplied
 4 by the number of years of retirement credit attributable to service as a police officer or firefighter.

5 (b) For service as other than a police officer or firefighter, 1.5 percent of final average salary
 6 multiplied by the number of years of retirement credit attributable to service as other than a police
 7 officer or firefighter.

8 (2) Notwithstanding any provision of ORS 238A.100 to 238A.245, the annual benefit payable to
 9 a member under the pension program and under any other tax-qualified defined benefit plan main-
 10 tained by the participating public employer may not exceed the applicable limitations set forth in
 11 26 U.S.C. 415(b), as in effect on December 31, 2011. The Public Employees Retirement Board shall
 12 adopt rules for the administration of this limitation, including adjustments in the annual dollar lim-
 13 itation to reflect cost-of-living adjustments authorized by the Internal Revenue Service.

14 (3) The board shall make no actuarial adjustment in a member's pension calculated under this
 15 section by reason of the member's retirement after normal retirement age.

16 **(4) Notwithstanding subsection (1) of this section, the pension determined under this**
 17 **section may not exceed:**

18 **(a) One hundred percent of final average salary if the member retires on or after the**
 19 **effective date of this 2013 Act and before January 1, 2018.**

20 **(b) Ninety percent of final average salary if the member retires on or after January 1,**
 21 **2018, and before January 1, 2023.**

22 **(c) Eighty percent of final average salary if the member retires on or after January 1,**
 23 **2023.**

24 **SECTION 5. (1) Notwithstanding the amendments to ORS 238A.125 by section 4 of this**
 25 **2013 Act, the pension payable to a member of the Public Employees Retirement System who**
 26 **retires under ORS chapter 238A on or after the effective date of this 2013 Act and before**
 27 **January 1, 2018, may not be less than the pension the member would have received if the**
 28 **member had retired on March 1, 2013.**

29 **(2) Notwithstanding the amendments to ORS 238A.125 by section 4 of this 2013 Act, the**
 30 **pension payable to a member of the Public Employees Retirement System who retires under**
 31 **ORS chapter 238A on or after January 1, 2018, and before January 1, 2023, may not be less**
 32 **than the pension the member would have received if the member had retired on December**
 33 **1, 2017.**

34 **(3) Notwithstanding the amendments to ORS 238A.125 by section 4 of this 2013 Act, the**
 35 **pension payable to a member of the Public Employees Retirement System who retires under**
 36 **ORS chapter 238A on or after January 1, 2023, may not be less than the pension the member**
 37 **would have received if the member had retired on December 1, 2022.**

38 **SECTION 6. (1) Jurisdiction is conferred on the Supreme Court to determine in the**
 39 **manner provided by this section whether this 2013 Act breaches any contract between**
 40 **members of the Public Employees Retirement System and their employers or violates any**
 41 **constitutional provision, including but not limited to impairment of contract rights of mem-**
 42 **bers of the Public Employees Retirement System under Article I, section 21, of the Oregon**
 43 **Constitution, or Article I, section 10, clause 1, of the United States Constitution.**

44 **(2) A person who is adversely affected by this 2013 Act or who will be adversely affected**
 45 **by this 2013 Act may institute a proceeding for review by filing with the Supreme Court a**

1 **petition that meets the following requirements:**

2 (a) **The petition must be filed within 60 days after the effective date of this 2013 Act.**

3 (b) **The petition must include the following:**

4 (A) **A statement of the basis of the challenge; and**

5 (B) **A statement and supporting affidavit showing how the petitioner is adversely af-**
6 **ected.**

7 (3) **The petitioner shall serve a copy of the petition by registered or certified mail upon**
8 **the Public Employees Retirement Board, the Attorney General and the Governor.**

9 (4) **Proceedings for review under this section shall be given priority over all other mat-**
10 **ters before the Supreme Court.**

11 (5) **The Supreme Court shall allow public employers participating in the Public Employees**
12 **Retirement System to intervene in any proceeding under this section.**

13 (6) **In the event the Supreme Court determines that there are factual issues in the peti-**
14 **tion, the Supreme Court may appoint a special master to hear evidence and to prepare re-**
15 **commended findings of fact.**

16 **SECTION 7. This 2013 Act being necessary for the immediate preservation of the public**
17 **peace, health and safety, an emergency is declared to exist, and this 2013 Act takes effect**
18 **on its passage.**

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