

# Senate Bill 659

Sponsored by Senator WHITSETT

## 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 cost-of-living adjustment under Public Employees Retirement System to first \$2,000 of monthly benefits.

Applies only to members who retire, become disabled or die on or after effective date of Act.  
Declares emergency, effective on passage.

## A BILL FOR AN ACT

1  
2 Relating to cost-of-living adjustments under Public Employees Retirement System; creating new  
3 provisions; amending ORS 238.360 and 238A.210; and declaring an emergency.

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

5 **SECTION 1.** ORS 238.360 is amended to read:

6 238.360. (1) As soon as practicable after January 1 each year, the Public Employees Retirement  
7 Board shall determine the percentage increase or decrease in the cost-of-living for the previous  
8 calendar year, based on the Consumer Price Index (Portland area-all items) as published by the  
9 Bureau of Labor Statistics of the U.S. Department of Labor for the Portland, Oregon, area. Prior to  
10 July 1 each year, **the board shall adjust** the allowance which the member or the member's benefi-  
11 ciary is receiving or is entitled to receive on August 1 for the month of July [*shall be multiplied*]  
12 **by multiplying the allowance or \$2,000, whichever is less**, by the percentage figure determined  
13 [*, and the allowance for the next 12 months beginning July 1 adjusted to the resultant amount*] **by the**  
14 **board and adding the resultant amount to the allowance.**

15 **(2) The allowance shall be adjusted under subsection (1) of this section for the next 12**  
16 **months beginning July 1.**

17 [(2)] (3) [*Such*] **An** increase or decrease [*shall*] **under subsection (1) of this section may** not  
18 exceed two percent of any monthly retirement allowance in any year and [*no*] **an** allowance [*shall*]  
19 **may not** be adjusted to an amount less than the amount to which the recipient would be entitled  
20 if no cost-of-living adjustment were authorized.

21 [(3)] (4) The amount of any cost-of-living increase or decrease in any year in excess of the  
22 maximum annual retirement allowance adjustment of **\$480 or two percent, whichever is less**, shall  
23 be accumulated from year to year and included in the computation of increases or decreases in  
24 succeeding years.

25 [(4)] (5) Any increase in the allowance shall be paid from contributions of the public employer  
26 under ORS 238.225. Any decrease in the allowance shall be returned to the employer in the form  
27 of a credit against contributions of the employer under ORS 238.225.

28 **SECTION 2.** **The amendments to ORS 238.360 by section 1 of this 2013 Act apply only to**  
29 **members of the Public Employees Retirement System who retire on or after the effective**  
30 **date of this 2013 Act.**

**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.

**SECTION 3.** ORS 238A.210 is amended to read:

238A.210. (1) As soon as practicable after January 1 each year, the Public Employees Retirement Board shall determine the percentage increase or decrease in the cost of living for the previous calendar year, based on the Portland-Salem, OR-WA, Consumer Price Index for All Urban Consumers for All Items, as published by the Bureau of Labor Statistics of the United States Department of Labor. Before July 1 each year, the board shall adjust every pension payable under ORS 238A.180, 238A.185 and 238A.190, every disability benefit under ORS 238A.235 and every death benefit payable under ORS 238A.230 by multiplying the monthly payment **or \$2,000, whichever is less**, by the percentage figure determined by the board **and adding the resultant amount to the monthly payment.**

**(2) The adjustment under subsection (1) of this section shall be made for the payments payable on August 1 and thereafter.**

**(3)** If a person has been receiving a pension or benefit for less than 12 months on July 1 of a calendar year, the board shall make a pro rata reduction of the adjustment **under subsection (1) of this section** based on the number of months that the pension or benefit was received before July 1 of the year. [*The adjustment shall be made for the payments payable on August 1 and thereafter.*]

[(2)] **(4)** An increase or decrease in the benefit payments under this section may not exceed two percent in any year. A pension or death benefit may not be adjusted to an amount that is less than the amount that would have been payable if no cost-of-living adjustment had been made since the pension or death benefit first became payable.

**SECTION 4.** The amendments to ORS 238A.210 by section 3 of this 2013 Act apply only to members of the Public Employees Retirement System who retire, become disabled or die on or after the effective date of this 2013 Act.

**SECTION 5.** (1) Jurisdiction is conferred on the Supreme Court to determine in the manner provided by this section whether this 2013 Act breaches any contract between members of the Public Employees Retirement System and their employers or violates any constitutional provision, including but not limited to impairment of contract rights of members of the Public Employees Retirement System under Article I, section 21, of the Oregon Constitution, or Article I, section 10, clause 1, of the United States Constitution.

**(2)** A person who is or who will be adversely affected by this 2013 Act may institute a proceeding for review by filing with the Supreme Court a petition that meets the following requirements:

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

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

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

**(B)** A statement and supporting affidavit showing how the petitioner is or will be adversely affected.

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

**(4)** Proceedings for review under this section shall be given priority over all other matters before the Supreme Court.

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

**(6)** In the event the Supreme Court determines that there are factual issues in the petition, the Supreme Court may appoint a special master to hear evidence and to prepare re-

1 commended findings of fact.

2 SECTION 6. This 2013 Act being necessary for the immediate preservation of the public  
3 peace, health and safety, an emergency is declared to exist, and this 2013 Act takes effect  
4 on its passage.

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