

**PROPOSED AMENDMENTS TO
SENATE BILL 857**

1 On page 1 of the printed bill, line 2, after the semicolon insert “creating
2 new provisions; amending ORS 238.360 and 238A.210;”.

3 Delete lines 4 through 30 and delete page 2 and insert:
4

5 **“COST OF LIVING ADJUSTMENTS**
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7 **“SECTION 1.** ORS 238.360, as amended by sections 1 and 3, chapter 53,
8 Oregon Laws 2013 (Enrolled Senate Bill 822), is amended to read:

9 “238.360. (1) On July 1 of each year, the Public Employees Retirement
10 Board shall increase the yearly allowance that a member or member’s bene-
11 ficiary receives or is entitled to receive, as provided in [*subsections (2) and*
12 *(3)*] **subsection (2)** of this section. The increase is first payable with the
13 allowance that the member or the member’s beneficiary receives or is enti-
14 tled to receive on August 1.

15 “(2)(a) If the member’s or member’s beneficiary’s yearly allowance [*for the*
16 *previous year totaled \$20,000*] **is \$60,000** or less, the allowance shall be in-
17 creased by [*two*] **1.25** percent.

18 “[*(b) If the member’s or member’s beneficiary’s yearly allowance for the*
19 *previous year totaled more than \$20,000 but not more than \$40,000, the allow-*
20 *ance shall be increased by \$400 plus 1.5 percent of the amount of the yearly*
21 *allowance exceeding \$20,000.*]

22 “[*(c) If the member’s or member’s beneficiary’s yearly allowance for the*

1 *previous year totaled more than \$40,000 but not more than \$60,000, the allow-*
2 *ance shall be increased by \$700 plus one percent of the amount of the yearly*
3 *allowance exceeding \$40,000.]*

4 “[(d)] (b) If the member’s or member’s beneficiary’s yearly allowance [for
5 *the previous year totaled] is more than \$60,000, the allowance shall be in-*
6 *creased by \$900 plus [.25] 0.15 percent of the amount of the yearly allowance*
7 *exceeding \$60,000.*

8 “[(3) *If a member or member’s beneficiary has been receiving an allowance*
9 *for less than 12 months on July 1 of any year, the board shall calculate the*
10 *increase under subsection (2) of this section on the basis of the yearly allow-*
11 *ance the member or member’s beneficiary would have received if the member*
12 *or member’s beneficiary had received the monthly allowance for 12 months.]*

13 “[(4)] (3) Any increase in the allowance shall be paid from contributions
14 of the public employer under ORS 238.225.

15 “(4) **As used in this section, ‘yearly allowance’ means the monthly**
16 **allowance that a member or member’s beneficiary is entitled to on**
17 **July 1 of the year in which the board is calculating the increase under**
18 **subsection (1) of this section, multiplied by 12.**

19 “**SECTION 2. The amendments to ORS 238.360 by section 1 of this**
20 **2013 Act apply to all increases to allowances made under ORS 238.360**
21 **on and after July 1, 2014.**

22 “**SECTION 3. ORS 238A.210, as amended by sections 5 and 7, chapter 53,**
23 **Oregon Laws 2013 (Enrolled Senate Bill 822), is amended to read:**

24 “238A.210. (1) On July 1 of each year, the board shall increase every
25 pension payable under ORS 238A.180, 238A.185 and 238A.190, every disability
26 benefit under ORS 238A.235 and every death benefit payable under ORS
27 238A.230 as provided in [subsections (2) and (3)] **subsection (2)** of this sec-
28 tion. The increase shall be made for the payments payable on August 1 and
29 thereafter.

30 “(2)(a) If a person’s yearly pension or benefit [for the previous year totaled

1 \$20,000] is **\$60,000** or less, the pension or benefit shall be increased by [two]
2 **1.25** percent.

3 “[b) If a person’s yearly pension or benefit for the previous year totaled
4 more than \$20,000 but not more than \$40,000, the pension or benefit shall be
5 increased by \$400 plus 1.5 percent of the amount of the yearly pension or ben-
6 efit exceeding \$20,000.]

7 “[c) If a person’s yearly pension or benefit for the previous year totaled
8 more than \$40,000 but not more than \$60,000, the pension or benefit shall be
9 increased by \$700 plus one percent of the amount of the yearly pension or
10 benefit exceeding \$40,000.]

11 “[d) (b) If a person’s yearly pension or benefit [for the previous year to-
12 taled] is more than \$60,000, the pension or benefit shall be increased by \$900
13 plus [.25] **0.15** percent of the amount of the yearly pension or benefit ex-
14 ceeding \$60,000.

15 “[3) If a person has been receiving a pension or benefit for less than 12
16 months on July 1 of any year, the board shall calculate the increase under
17 subsection (2) of this section on the basis of the yearly allowance the person
18 would have received if the person had received the pension or benefit for 12
19 months.]

20 “(3) As used in this section, ‘yearly pension or benefit’ means the
21 monthly pension or benefit that a person is entitled to on July 1 of the
22 year in which the board is calculating the increase under subsection
23 (1) of this section, multiplied by 12.

24 “SECTION 4. The amendments to ORS 238A.210 by section 3 of this
25 2013 Act apply to all increases to pensions or benefits made under ORS
26 238A.210 on and after July 1, 2014.

27 “SECTION 5. (1) The amendments to ORS 238.360 and 238A.210 by
28 sections 1 and 3 of this 2013 Act become operative on July 1, 2014.

29 “(2) The Public Employees Retirement Board may take any action
30 before the operative date specified in subsection (1) of this section to

1 enable the board, on and after the operative date specified in sub-
2 section (1) of this section, to exercise all the duties, functions and
3 powers conferred on the board by the amendments to ORS 238.360 and
4 238A.210 by sections 1 and 3 of this 2013 Act.

5 **“SECTION 6.** Section 7 of this 2013 Act is added to and made a part
6 of ORS chapter 238.

7 **“SECTION 7.** At least once every five years, the Public Employees
8 Retirement Board shall analyze the impact of increases or decreases
9 in the cost of living on the purchasing power of pensions payable un-
10 der the Public Employees Retirement System and report to an appro-
11 priate committee or interim committee of the Legislative Assembly
12 on:

13 **“(1)** The results of the analysis; and

14 **“(2)** Recommendations to the cost-of-living adjustment under the
15 system.

16 **“SECTION 8.** The Public Employees Retirement Board shall issue
17 the first report under section 7 of this 2013 Act on or before September
18 1, 2020.

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20 **“ACTUARIAL EQUIVALENCY FACTOR TABLES FOR CERTAIN**
21 **MEMBERS**

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23 **“SECTION 9.** Sections 10 and 11 of this 2013 Act are added to and
24 made a part of ORS chapter 238.

25 **“SECTION 10.** (1) In computing the service retirement allowance
26 under ORS 238.300 (1) and (2)(b)(A), the Public Employees Retirement
27 Board shall use the actuarial equivalency factor tables adopted under
28 ORS 238.607 for a member who is an active member on the effective
29 date of this 2013 Act.

30 **“(2)** In computing the service retirement allowance under ORS

1 **238.300 (1) and (2)(b)(A), the Public Employees Retirement Board shall**
2 **use the actuarial equivalency factor tables adopted under ORS 238.607**
3 **for a member who:**

4 **“(a) On the member’s effective date of retirement, had at least 20**
5 **years of membership, as defined in ORS 238.300 (2)(c);**

6 **“(b) Retires as a police officer or firefighter; and**

7 **“(c) Performed some period of service in a qualifying position on**
8 **or after January 1, 2004, and before the effective date of this 2013 Act.**

9 **“(3) In computing the service retirement allowance under ORS**
10 **238.300 (1) and (2)(b)(A), the Public Employees Retirement Board shall**
11 **use the actuarial equivalency factor tables adopted under ORS 238.607**
12 **for a member who:**

13 **“(a) On the member’s effective date of retirement, had at least 24**
14 **years of membership, as defined in ORS 238.300 (2)(c);**

15 **“(b) Retires as other than a police officer or firefighter; and**

16 **“(c) Performed some period of service in a qualifying position on**
17 **or after January 1, 2004, and before the effective date of this 2013 Act.**

18 **“(4) In computing the service retirement allowance under ORS**
19 **238.300 (1) and (2)(b)(A) for a member who does not meet the require-**
20 **ments of subsection (1) to (3) of this section, the board shall use the**
21 **actuarial equivalency factor tables adopted under section 11 of this**
22 **2013 Act.**

23 **“SECTION 11. (1) At the time the Public Employees Retirement**
24 **Board adopts actuarial equivalency factor tables under ORS 238.607,**
25 **the board shall adopt actuarial equivalency factor tables for the pur-**
26 **pose of computing the service retirement allowance under ORS 238.300**
27 **(1) and (2)(b)(A) for a member who does not meet the requirements**
28 **of section 10 (1) to (3) of this 2013 Act. The tables may be adopted in**
29 **conjunction with the system evaluation required by ORS 238.605. Ta-**
30 **bles adopted under this section must use the best actuarial informa-**

1 tion on mortality available at the time the board adopts the tables,
2 as provided by the actuary engaged by the board.

3 “(2) The board shall determine the annual interest rate to be used
4 for tables adopted under this section based on the current immediate
5 and deferred annuity rates as published from time to time by the
6 Pension Benefit Guaranty Corporation at 29 C.F.R. part 4044, Appendix
7 B.

8 “(3) The tables adopted under subsection (2) of this section shall be
9 used as provided in ORS 238.607 (1)(a) and (c).

10 “(4) The board may not defer or delay implementation of the
11 actuarial equivalency factor tables adopted under this section.

12 **“SECTION 12.** Notwithstanding section 11 (1) of this 2013 Act, the
13 Public Employees Retirement Board shall first adopt actuarial equiv-
14 alency factor tables under section 11 of this 2013 Act as soon as possi-
15 ble after the effective date of this 2013 Act.

16 **“SECTION 13.** The tables adopted under sections 11 and 12 of this
17 2013 Act apply only to members of the Public Employees Retirement
18 System whose effective date of retirement is after September 1, 2013.

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20 **“EMPLOYER CONTRIBUTION RATES**

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22 **“SECTION 14.** (1) As soon as possible after the effective date of this
23 2013 Act, the Public Employees Retirement Board shall recalculate the
24 contribution rates of all employers, pursuant to ORS 238.225, to reflect
25 the provisions of this 2013 Act.

26 “(2) The board shall issue corrected contribution rate orders to
27 employers affected by recalculated rates under this section within 90
28 days after the effective date of this 2013 Act. The corrected rates are
29 effective July 1, 2013.

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3 **“JUDICIAL REVIEW**

4 **“SECTION 15. (1) Jurisdiction is conferred on the Supreme Court**
5 **to determine in the manner provided by this section whether this 2013**
6 **Act breaches any contract between members of the Public Employees**
7 **Retirement System and their employers, violates any constitutional**
8 **provision, including but not limited to impairment of contract rights**
9 **of members of the Public Employees Retirement System under Article**
10 **I, section 21, of the Oregon Constitution, or Article I, section 10,**
11 **clause 1, of the United States Constitution, or is invalid for any other**
12 **reason.**

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

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

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

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

21 **“(B) A statement and supporting affidavit showing how the**
22 **petitioner is adversely affected.**

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

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

28 **“(5) The Supreme Court shall allow public employers participating**
29 **in the Public Employees Retirement System to intervene in any pro-**
30 **ceeding under this section.**

31 **“(6) In the event the Supreme Court determines that there are**

1 **factual issues in the petition, the Supreme Court may appoint a special**
2 **master to hear evidence and to prepare recommended findings of fact.**

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4 **“ACT DOES NOT CREATE CONTRACT RIGHTS**

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6 **“SECTION 16. This 2013 Act does not constitute a statutory con-**
7 **tractual promise.**

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9 **“SEVERABILITY**

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11 **“SECTION 17. It is the intent of the Legislative Assembly that all**
12 **parts of this 2013 Act are independent and that if any part of this 2013**
13 **Act is held unconstitutional, all remaining parts shall remain in force.**

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15 **“CAPTIONS**

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17 **“SECTION 18. The unit captions used in this 2013 Act are provided**
18 **only for the convenience of the reader and do not become part of the**
19 **statutory law of this state or express any legislative intent in the**
20 **enactment of this 2013 Act.**

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22 **“EMERGENCY CLAUSE**

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24 **“SECTION 19. This 2013 Act being necessary for the immediate**
25 **preservation of the public peace, health and safety, an emergency is**
26 **declared to exist, and this 2013 Act takes effect on its passage.”.**