



STATE OF OREGON
Legislative Counsel Committee

April 13, 2017

To: Debra Maryanov, Committee Administrator, Senate Committee on Workforce
From: Marisa N. James, Senior Deputy Legislative Counsel
Subject: -1 amendments to Senate Bill 559

Enclosed are the -1 amendments to Senate Bill 559, which remove the emergency clause from the printed bill. As we have discussed, removing the emergency clause from this bill may be problematic in at least three respects.

First, removing the emergency clause means that the bill will take effect on January 1, 2018. On that day, the Public Employees Retirement Board will be required to start calculating final average salary using five years of salary, instead of three years, for salary paid on and after January 1, 2018. However, the board will not be authorized to adopt rules regarding this change until January 1, 2018. This could present an administrative problem for the board.

Second, the bill requires the board to recalculate employer contributions to reflect the savings attributable to the bill as soon as possible after the effective date of the bill. The recalculated contribution rates become effective on July 1, 2017. Removal of the emergency clause could present an administrative and accounting problem because the board will have to backdate the recalculated rates more than six months.

Finally, the bill provides for direct review to the Supreme Court and requires petitions for review to be filed within 60 days after the effective date of the bill. The emergency clause allows the judicial review process, which historically has taken about 18 months, to get started promptly after passage of the bill. Removal of the emergency clause would delay the judicial review process.

Please let me know if you have any questions.

Encl.