

SB 560-2
(LC 2056)
3/1/17 (MNJ/ps)

Requested by Senator KNOPP

**PROPOSED AMENDMENTS TO
SENATE BILL 560**

1 On page 1 of the printed bill, line 2, after “amending” delete the rest of
2 the line and delete line 3 and insert “ORS 238.300 and 238A.125; and”.

3 Delete lines 6 through 26 and delete pages 2 through 16 and insert:

4 **“SECTION 1.** ORS 238.300 is amended to read:

5 “238.300. Upon retiring from service at normal retirement age or there-
6 after, a member of the system shall receive a service retirement allowance
7 which shall consist of the following annuity and pensions:

8 “(1) A refund annuity which shall be the actuarial equivalent of accu-
9 mulated contributions, if any, by the member and interest thereon credited
10 at the time of retirement, which annuity shall provide an allowance payable
11 during the life of the member and at death a lump sum equal in amount to
12 the difference between accumulated contributions at the time of retirement
13 and the sum of the annuity payments actually made to the member during
14 life shall be paid to such person, if any, as the member nominates by written
15 designation duly acknowledged and filed with the board or shall otherwise
16 be paid according to the provisions of this chapter for disposal of an amount
17 credited to the member account of a member at the time of death in the event
18 the member designates no beneficiary to receive the amount or no such
19 beneficiary is able to receive the amount. If death of the member occurs be-
20 fore the first payment is due, the member account of the member shall be
21 treated as though death had occurred before retirement.

1 “(2)(a) A life pension (nonrefund) for current service provided by the
2 contributions of employers, which pension, subject to paragraph (b) of this
3 subsection, shall be an amount which, when added to the sum of the annuity,
4 if any, under subsection (1) of this section and the annuity, if any, provided
5 on the same basis and payable from the Variable Annuity Account, both
6 annuities considered on a refund basis, results in a total of:

7 “(A) For service as a police officer or firefighter[,]:

8 “(i) Two percent of final average salary multiplied by the number of years
9 of membership in the system as a police officer or firefighter before the ef-
10 fective date of retirement[.] **and before January 1, 2018; and**

11 “(ii) **1.2 percent of final average salary multiplied by the number**
12 **of years of membership in the system as a police officer or firefighter**
13 **before the effective date of retirement and on and after January 1,**
14 **2018.**

15 “(B) For service as other than a police officer or firefighter, including
16 service as a member of the Legislative Assembly[,]:

17 “(i) 1.67 percent of final average salary multiplied by the number of years
18 of membership in the system as other than a police officer or firefighter be-
19 fore the effective date of retirement[.] **and before January 1, 2018; and**

20 “(ii) **One percent of final average salary multiplied by the number**
21 **of years of membership in the system as other than a police officer**
22 **or firefighter before the effective date of retirement and on and after**
23 **January 1, 2018.**

24 “(b) A pension under this subsection shall be at least:

25 “(A) For a member who first establishes membership in the system before
26 July 1, 2003, the actuarial equivalent of the annuity provided by the accu-
27 mulated contributions of the member. A person establishes membership in
28 the system before July 1, 2003, for the purposes of this subparagraph if:

29 “(i) The person is a member of the system, or a judge member of the
30 system, on the day immediately before July 1, 2003; or

1 “(ii) The person performed any period of service for a participating public
2 employer before July 1, 2003, that is credited to the six-month period of em-
3 ployment required of an employee under ORS 238.015 before an employee may
4 become a member of the system.

5 “(B) For a member who made contributions before August 21, 1981, the
6 equivalent of a pension computed pursuant to this subsection as it existed
7 immediately before that date.

8 “(c) As used in this subsection, ‘number of years of membership’ means
9 the number of full years of creditable service plus any remaining fraction
10 of a year of creditable service. Except as otherwise provided in this para-
11 graph, in determining a remaining fraction a full month shall be considered
12 as one-twelfth of a year and a major fraction of a month shall be considered
13 as a full month. Membership of a school district employee, an employee of
14 an institution of higher education engaged in teaching or other school ac-
15 tivity or an employee of the Department of Human Services, the Oregon
16 Youth Authority, the Department of Corrections or the State Board of Edu-
17 cation engaged in teaching or other school activity at an institution super-
18 vised by the authority, board or department, for all portions of a school year
19 in a calendar year in which the district school, institution of higher educa-
20 tion or school activity at an institution so supervised in which the member
21 is employed is normally in session shall be considered as a full one-half year
22 of membership. The number of years of membership of a member who re-
23 ceived a refund of contributions as provided in ORS 237.976 (2) is limited to
24 the number of years after the day before the date on which the refund was
25 received. The number of years of membership of a member who is separated,
26 for any reason other than death or disability, from all service entitling the
27 member to membership in the system, who withdraws the amount credited
28 to the member account of the member in the fund during absence from such
29 service and who thereafter reenters the service of an employer participating
30 in the system but does not repay the amount so withdrawn as provided in

1 this chapter, is limited to the number of years after the day before the date
2 of so reentering.

3 “(3) An additional life pension (nonrefund) for prior service credit, in-
4 cluding military service, credited to the member at the time of first becoming
5 a member of the system, as elsewhere provided in this chapter, which pension
6 shall be provided by the contributions of the employer.

7 **“SECTION 2.** ORS 238A.125, as amended by section 3, chapter 33, Oregon
8 Laws 2016, is amended to read:

9 “238A.125. (1) Upon retiring at normal retirement age, a vested pension
10 program member shall be paid an annual pension for the life of the member
11 as follows:

12 “(a) For service as a police officer or firefighter, **a total of:**

13 “(i) 1.8 percent of final average salary multiplied by the number of years
14 of retirement credit attributable to service as a police officer or
15 firefighter[.] **before January 1, 2018; and**

16 “(ii) **1.2 percent of final average salary multiplied by the number**
17 **of years of retirement credit attributable to service as a police officer**
18 **or firefighter on and after January 1, 2018.**

19 “(b) For service as other than a police officer or firefighter, **a total of:**

20 “(i) 1.5 percent of final average salary multiplied by the number of years
21 of retirement credit attributable to service as other than a police officer or
22 firefighter[.] **before January 1, 2018; and**

23 “(ii) **One percent of final average salary multiplied by the number**
24 **of years of retirement credit attributable to service as other than a**
25 **police officer or firefighter on and after January 1, 2018.**

26 “(2) Notwithstanding any provision of ORS 238A.100 to 238A.250, the an-
27 nual benefit payable to a member under the pension program and under any
28 other tax-qualified defined benefit plan maintained by the participating pub-
29 lic employer may not exceed the applicable limitations set forth in 26 U.S.C.
30 415(b), as in effect on December 31, 2015. The Public Employees Retirement

1 Board shall adopt rules for the administration of this limitation, including
2 adjustments in the annual dollar limitation to reflect cost-of-living adjust-
3 ments authorized by the Internal Revenue Service.

4 “(3) The board shall make no actuarial adjustment in a member’s pension
5 calculated under this section by reason of the member’s retirement after
6 normal retirement age.

7 **“SECTION 3. The amendments to ORS 238.300 and 238A.125 by**
8 **sections 1 and 2 of this 2017 Act apply only to members of the Public**
9 **Employees Retirement System whose effective date of retirement is**
10 **on or after January 1, 2018.**

11 **“SECTION 4. (1) As soon as practicable after the effective date of**
12 **this 2017 Act, the Public Employees Retirement Board shall:**

13 **“(a) Determine the amount of savings in employer contributions**
14 **that are attributable to the provisions of this 2017 Act; and**

15 **“(b) Recalculate the contribution rates of all employers, pursuant**
16 **to ORS 238.225, to reflect the provisions of this 2017 Act.**

17 **“(2) The board shall issue corrected contribution rate orders to**
18 **employers affected by rates recalculated under this section as soon as**
19 **is practicable after the effective date of this 2017 Act. The corrected**
20 **rates are effective on July 1, 2017.**

21 **“SECTION 5. (1) Jurisdiction is conferred upon the Supreme Court**
22 **to determine in the manner provided by this section whether this 2017**
23 **Act breaches any contract between members of the Public Employees**
24 **Retirement System and their employers or violates any provision of**
25 **the Oregon Constitution or of the United States Constitution, includ-**
26 **ing but not limited to impairment of contract rights of members of the**
27 **Public Employees Retirement System under Article I, section 21, of the**
28 **Oregon Constitution, or Article I, section 10, clause 1, of the United**
29 **States Constitution.**

30 **“(2) A person who is adversely affected by this 2017 Act or who will**

1 be adversely affected by this 2017 Act may institute a proceeding for
2 review by filing with the Supreme Court a petition that meets the
3 following requirements:

4 “(a) The petition must be filed within 60 days after the effective
5 date of this 2017 Act.

6 “(b) The petition must include the following:

7 “(A) A statement of the basis of the challenge; and

8 “(B) A statement and supporting affidavit showing how the
9 petitioner is adversely affected.

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

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

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

18 “(6)(a) The Supreme Court shall allow members of the Legislative
19 Assembly to intervene in any proceeding relating to this 2017 Act. Af-
20 ter a member intervenes in a proceeding relating to this 2017 Act, the
21 member has standing to participate in the proceeding even if the
22 member ceases to be a member of the Legislative Assembly.

23 “(b) A member of the Senate or the House of Representatives who
24 intervenes in a proceeding under this subsection may not use public
25 funds to pay legal expenses incurred in intervening in or participating
26 in the proceeding.

27 “(7) In the event the Supreme Court determines that there are
28 factual issues in the petition, the Supreme Court may appoint a special
29 master to hear evidence and to prepare recommended findings of fact.

30 “(8) The Supreme Court may not award attorney fees to a petitioner

1 in a proceeding under this section.

2 **“SECTION 6. This 2017 Act being necessary for the immediate**
3 **preservation of the public peace, health and safety, an emergency is**
4 **declared to exist, and this 2017 Act takes effect on its passage.”.**

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