

HB 2506 -2 STAFF MEASURE SUMMARY

House Committee On Business and Labor

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Meeting Dates: 2/11, 2/20

WHAT THE MEASURE DOES:

Allows mass transit district to invest funds held in trust for post-employment, non-pension benefits in accordance with statutory standard of judgment and care for investing public investment funds. Declares emergency, effective on passage.

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

-2 Limit application of Act to TriMet.

BACKGROUND:

Moneys held in a fund established by law may not be invested in something other than the Oregon Short Term Fund unless the law that established the fund allows for such. The Tri-County Metropolitan Transportation District of Oregon (TriMet) has a liability of approximately \$768 million for non-pension, post-employment benefits. In the next few years, TriMet anticipates fully funding its pension trust fund, at which point it would like to fund an Other Post Employment Benefits (OPEB) trust fund. Current law allows the funds in the OPEB trust to be invested only in low risk options, which typically earn returns equal to or less than inflation.

House Bill 2506 allows mass transit districts to invest OPEB trust funds according to the statutory standards of judgment and care provided in Oregon Revised Statute 293.726. These standards provide investment options that can yield a higher return than the Oregon Short Term Fund. TriMet estimates it could earn an additional \$30 million or more over the next decade if allowed to invest the OPEB trust funds in the same manner it currently invests its pension trust funds.