

HB 2506 A STAFF MEASURE SUMMARY

Carrier: Rep. Evans

House Committee On Business and Labor

Action Date: 02/20/19

Action: Do pass with amendments. (Printed A-Eng.)

Vote: 9-0-2-0

Yeas: 9 - Barker, Barreto, Boshart Davis, Bynum, Clem, Doherty, Evans, Fahey, Holvey

Exc: 2 - Boles, Bonham

Fiscal: No fiscal impact

Revenue: No revenue impact

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Meeting Dates: 2/11, 2/20

WHAT THE MEASURE DOES:

Allows TriMet 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:

- Current authority to invest pension benefit trust funds
- Low rate of return on Oregon Short Term Fund
- Reinvestment of returns on investment into trust fund
- Preference to extend investment authority only to TriMet and not other mass transit districts

EFFECT OF AMENDMENT:

Limit application of measure 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-A allows TriMet to invest non-pension, post-employment benefit 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 anticipates earning an additional \$30 million or more over the next decade if allowed to invest the non-pension trust funds in the same manner it currently invests its pension trust funds.