

**FISCAL IMPACT OF PROPOSED LEGISLATION**

80th Oregon Legislative Assembly – 2019 Regular Session  
Legislative Fiscal Office

**Measure: HB 2861 - A**

*Only Impacts on Original or Engrossed  
Versions are Considered Official*

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**Measure Description:**

Directs Public Employees Retirement Board to provide members of individual account program of Public Employees Retirement System with written disclosure statement about investment options available under program.

**Government Unit(s) Affected:**

Public Employees Retirement System (PERS), Oregon State Treasurer (OST)

**Summary of Fiscal Impact:**

Costs related to the measure are indeterminate at this time - See explanatory analysis.

**Analysis:**

HB 2861 - A allows members of the Public Employees Retirement System (PERS) individual account program (IAP) to choose their retirement plan investments, and requires PERS to provide members with a written disclosure statement about investment options that are available through the program. This measure further prohibits civil action by IAP members should the member see a loss in their investments due to their investment choice.

Additionally, this measure repeals Section 4, Chapter 118, Oregon Laws 2018. This section allows the Oregon State Treasurer (OST) to review implementation of member choice for IAP and determine if legal or fiduciary standards prohibit implementation. *The bill does retain other provisions of Chapter 118, including PERS' exemption from state procurement and contracting processes while implementing IAP member choice.*

PERS estimates that implementation of this measure will require an additional \$3.8 million Other Funds and six new positions (5.50 FTE) in 2019-21. In 2021-23, PERS estimates costs of \$1.5 million Other Funds; all but one position (1.00 FTE) from 2019-21 would be phased-out of the budget. The revenue to support these expenditures would come from earnings on the Individual Account Program.

Under this bill, the Oregon State Treasurer (OST) is required to establish a process to allow IAP member choice in investment options. The bill also includes the option for OST to create separate trusts or subtrusts to hold money subject to member choice. OST estimates that the agency may incur outside legal costs that could not be covered by the agency's in-house legal counsel.

The fiscal impact is indeterminate as the cost of the measure, and its information technology implications, merit a more thorough analysis.

This measure warrants a subsequent referral to the Joint Committee on Ways and Means for consideration of its budgetary impact on PERS and OST.