

HB 4108 -1 STAFF MEASURE SUMMARY

House Committee On Business and Labor

Prepared By: Jan Nordlund, LPRO Analyst

Meeting Dates: 2/10, 2/12

WHAT THE MEASURE DOES:

Treats housing allowance paid to prison chaplains as salary for purposes of Public Employees Retirement System (PERS) if prison chaplain is member of Oregon Public Service Retirement Plan (OPSRP). Applies to housing allowances paid before, on, or after effective date of measure. Applies to members whose effective date of retirement is on or after effective date of measure.

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

-1 Amends definition of salary to includes a housing allowance paid to a member in exchange for services, as a prison chaplain, rendered to a participating employer.

REVENUE: No revenue impact.

FISCAL: Minimal fiscal impact.

BACKGROUND:

Eligible employees of a participating employer in the Public Employees Retirement System (PERS) who were hired after August 28, 2003, are designated as members of the Oregon Public Service Retirement Plan (OPSRP). Employees hired prior to that date are either in the Tier 1 or Tier 2 PERS plan. For OPSRP members, their pension and Individual Account Program (IAP) benefits are based on salary. Statute defines "salary" to mean the remuneration paid to an active member in return for services to the participating public employer, including remuneration in the form of living quarters, board, or other items of value, to the extent the remuneration is *includable in the employee's taxable income* under Oregon law.

House Bill 4108 treats a housing allowance paid to a prison chaplain who is an OPSRP member as if it were taxable income under Oregon law, thereby increasing the salary figure used to calculate PERS pension and IAP benefits.