

**HB 4108 A STAFF MEASURE SUMMARY**

**Carrier:** Rep. Gorsek

**House Committee On Business and Labor**

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**Action Date:** 02/12/20

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

**Vote:** 8-3-0-0

**Yeas:** 8 - Barker, Bonham, Bynum, Clem, Doherty, Evans, Fahey, Holvey

**Nays:** 3 - Barreto, Boshart Davis, Breesee-Iverson

**Fiscal:** Has minimal fiscal impact

**Revenue:** Has minimal revenue impact

**Prepared By:** Jan Nordlund, LPRO Analyst

**Meeting Dates:** 2/10, 2/12

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**WHAT THE MEASURE DOES:**

Treats portion of prison chaplain's salary that is designated as nontaxable housing allowance 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:**

- Different treatment of housing allowance between OPSRP members and Tier 1/Tier 2 PERS members
- Change in 2016 in how Department of Corrections reports housing allowance on W-2

**EFFECT OF AMENDMENT:**

Amends definition of "salary" to include a housing allowance paid to a member in exchange for services rendered as a prison chaplain to a participating employer.

**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" as 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. The housing allowance, according to IRS regulations, can be up to 35 percent of the prison chaplain's salary. The Department of Corrections does not pay a housing allowance above the agreed-upon salary, but up to 35 percent of the salary can be designated as nontaxable income.

House Bill 4108-A includes as salary the portion of compensation paid to a prison chaplain that is designated as a nontaxable housing allowance, thereby allowing PERS pension and IAP benefits to be calculated on the prison chaplain's full salary.