

Senate Bill 113

Printed pursuant to Senate Interim Rule 213.28 by order of the President of the Senate in conformance with pre-session filing rules, indicating neither advocacy nor opposition on the part of the President (at the request of Governor Kate Brown for Public Employees Retirement System)

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Provides that Public Employees Retirement Board may charge participating public employer accrued earnings for late payment of employee and employer contributions to individual account program.

Declares emergency, effective on passage.

A BILL FOR AN ACT

1
2 Relating to public employee retirement; amending ORS 238A.330, 238A.335 and 238A.340; and de-
3 claring an emergency.

4 **Be It Enacted by the People of the State of Oregon:**

5 **SECTION 1.** ORS 238A.330 is amended to read:

6 238A.330. (1) A member of the individual account program must make employee contributions
7 to the individual account program of six percent of the member's salary.

8 (2) Employee contributions made by a member of the individual account program under this
9 section shall be credited by the Public Employees Retirement Board as follows:

10 (a) Except as provided in paragraph (c) of this subsection, for a member who established mem-
11 bership in the Public Employees Retirement System before August 29, 2003, as described in ORS
12 238A.025:

13 (A) If the member's salary does not exceed \$2,500 in a calendar month, the board shall credit
14 all employee contributions made by the member under this section to the employee account estab-
15 lished for the member under ORS 238A.350 (2).

16 (B) If the member's salary exceeds \$2,500 in a calendar month, the board shall credit:

17 (i) 3.5 percent of the member's salary to the employee account established for the member under
18 ORS 238A.350 (2); and

19 (ii) 2.5 percent of the member's salary to the employee pension stability account established for
20 the member under ORS 238A.353.

21 (b) Except as provided in paragraph (c) of this subsection, for a member who established mem-
22 bership in the system on or after August 29, 2003, as described in ORS 238A.025:

23 (A) If the member's salary does not exceed \$2,500 in a calendar month, the board shall credit
24 all employee contributions made by the member under this section to the employee account estab-
25 lished for the member under ORS 238A.350 (2).

26 (B) If the member's salary exceeds \$2,500 in a calendar month, the board shall credit:

27 (i) 5.25 percent of the member's salary to the employee account established for the member un-
28 der ORS 238A.350 (2); and

29 (ii) 0.75 percent of the member's salary to the employee pension stability account established for

NOTE: Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted. New sections are in **boldfaced** type.

1 the member under ORS 238A.353.

2 (c) During a biennium following a rate setting valuation prepared by the actuary under ORS
3 238.605 that shows that the funded status of the system, including any lump sum payments made
4 under ORS 238.229, is 90 percent or greater, the board shall credit all employee contributions made
5 by a member of the individual account program to the employee account established for the member
6 under ORS 238A.350 (2).

7 (3) If any contributions made by a member of the individual account program are credited to the
8 employee pension stability account under subsection (2) of this section, the member may make ad-
9 ditional employee contributions to the individual account program in the amount credited to the
10 employee pension stability account. The board shall credit employee contributions made under this
11 subsection to the employee account established for the member under ORS 238A.350 (2). Contribu-
12 tions under this subsection may not be paid by the employer under ORS 238A.335.

13 (4) A new member of the individual account program shall first make contributions under this
14 section for those wages that are attributable to services performed by the employee during the first
15 full pay period following the six-month probationary period required under ORS 238A.300, without
16 regard to when those wages are considered earned for other purposes under this chapter.

17 (5) On January 1 of each year, the board shall adjust the dollar amounts provided in subsection
18 (2) of this section to reflect any percentage increase in the cost of living for the previous calendar
19 year, based on changes in the Consumer Price Index for All Urban Consumers, West Region (All
20 Items), as published by the Bureau of Labor Statistics of the United States Department of Labor.

21 **(6) The board may charge a participating public employer accrued earnings for late pay-**
22 **ment of employee contributions made by a member under this section and remitted to the**
23 **board by the employer.**

24 **SECTION 2.** ORS 238A.335 is amended to read:

25 238A.335. (1) A participating public employer may agree, by a written employment policy or by
26 a collective bargaining agreement, to pay the employee contribution required under ORS 238A.330
27 (1). The policy or agreement need not include all members of the individual account program em-
28 ployed by the employer.

29 (2) An agreement under this section may provide that:

30 (a) Amounts be deducted from employee compensation to generate the funds needed to make
31 employee contributions; or

32 (b) Additional amounts be paid by the employer for the purpose of making employee contribu-
33 tions.

34 (3) A participating public employer must give written notice to the Public Employees Retirement
35 Board at the time that an agreement under subsection (1) of this section is adopted or changed. The
36 notice must specifically indicate whether the agreement is as described in subsection (2)(a) or (b)
37 of this section. An agreement under this section, and any change to an agreement under this section,
38 applies only to employee contributions for pay periods beginning on or after the date that the notice
39 is received by the board.

40 **(4) The board may charge a participating public employer accrued earnings for late pay-**
41 **ment of employee contributions made under this section.**

42 **SECTION 3.** ORS 238A.340 is amended to read:

43 238A.340. (1) A participating public employer may agree, by a written employment policy or
44 agreement, to make employer contributions for members of the individual account program employed
45 by the employer. The percentage of salary paid as employer contributions may not be less than one

1 percent of salary or more than six percent of salary, and must be a whole number. A participating
2 public employer may make an agreement under this section for specific groups of employees em-
3 ployed by the public employer.

4 (2) If a participating public employer makes employer contributions under this section and the
5 member for which the contributions are made fails to vest in the employer account under the pro-
6 visions of ORS 238A.320, the Public Employees Retirement Board shall apply the contributions in
7 the employer account against other obligations of the employer under the Oregon Public Service
8 Retirement Plan.

9 (3) **The board may charge a participating public employer accrued earnings for late pay-**
10 **ment of employer contributions made under this section.**

11 **SECTION 4. This 2021 Act being necessary for the immediate preservation of the public**
12 **peace, health and safety, an emergency is declared to exist, and this 2021 Act takes effect**
13 **on its passage.**

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