

SB 128 STAFF MEASURE SUMMARY
Senate Committee On Labor and Business

Carrier: Sen. Gorsek

Action Date: 02/14/23
Action: Do pass.
Vote: 5-0-0-0
Yeas: 5 - Bonham, Hansell, Jama, Patterson, Taylor
Fiscal: Has minimal fiscal impact
Revenue: No revenue impact
Prepared By: Whitney Perez, LPRO Analyst
Meeting Dates: 2/7, 2/14

WHAT THE MEASURE DOES:

Requires housing allowance paid to prison chaplain be treated as taxable income under Oregon law for purposes of determining salary of certain members of Public Employees Retirement System (PERS). Applies to PERS members whose effective date of retirement is on or after the effective date of measure. Applies to housing allowances paid before, on, and after effective date of measure.

ISSUES DISCUSSED:

- Compensation plan for prison chaplains and changes to Public Employees Retirement System
- Possible federal tax implications of measure

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

The Public Employees Retirement System (PERS) is administered by the Public Employees Retirement Board. Oregon law specifies retirement age for public employees and amount of pension based on retirees "final average salary." "Salary" is defined in law and includes remuneration paid an active member, including remuneration in the form of living quarters, to the extent the remuneration is taxable income under Oregon law. The definition for salary goes on to specify other amounts of payments or contributions to a member that are included or excluded. For example, retirement bonus or reimbursed travel expenses are excluded from the definition of salary. However, payments made into a deferred compensation plan at the election of the employee are included in the definition of salary.

Proponents assert that prison chaplains in Oregon have 35 percent of their monthly salary designated as a housing allowance under IRS rules pursuant to a collective bargaining agreement. Senate Bill 128 adds a provision to the Oregon Public Service Retirement Plan laws, specifying that a housing allowance paid to a PERS member who is a prison chaplain shall be treated as if it were includable in a member's taxable income under Oregon law for purposes of determining salary.