

**SB 128 STAFF MEASURE SUMMARY**

**Carrier:** Rep. Tran

**House Committee On Emergency Management, General Government, and Veterans**

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**Action Date:** 05/11/23  
**Action:** Do Pass.  
**Vote:** 5-2-0-0  
**Yeas:** 5 - Dexter, Evans, Grayber, Lewis, Tran  
**Nays:** 2 - Conrad, Hieb  
**Fiscal:** Has minimal fiscal impact  
**Revenue:** No revenue impact  
**Prepared By:** Beverly Schoonover, LPRO Analyst  
**Meeting Dates:** 4/25, 5/11

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**WHAT THE MEASURE DOES:**

Requires housing allowance paid to prison chaplains be treated as taxable income under Oregon law only 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:**

- Role of prison chaplains at the Department of Corrections
- Questions about taxation on housing allowances
- Tier One and Tier Two PERS member benefits for prison chaplains versus Oregon Public Service Retirement Plan members

**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.

Prison chaplains provide religious services, counseling, and spiritual guidance to adults in custody at Oregon Department of Corrections facilities. Proponents assert that prison chaplains in Oregon have approximately 35 percent of their monthly salary designated as a housing allowance under Internal Revenue Service rules pursuant to a collective bargaining agreement. Prior to an administrative change by PERS in 2016, housing allowances for prison chaplains were calculated as salary for retirement credit for Tier One and Tier Two PERS members.

Senate Bill 128 requires that a housing allowance paid to a PERS member who is a prison chaplain to be treated as if it were includable in a member's taxable income under Oregon law for purposes of determining salary.