



**PUBLIC AFFAIRS**  
C O U N S E L

# 2021 LEGISLATIVE REPORT

## OREGON PERS RETIREES

Prepared by:  
Public Affairs Counsel

991 Liberty Street SE  
Salem, Oregon 97302  
503-363-7084  
pac@pacounsel.com  
www.pacounsel.com

## 2021 Legislative Session Summary

The 2021 Oregon legislative session was destined to be different.

Against a backdrop of a global pandemic, a closed economy, and a state reeling from a disastrous 2020 wildfire season, the session kicked off on January 21<sup>st</sup> – two days after the scheduled start date – due to fear of political violence in the State Capitol area.

It was one oddity after another, whether it was the boarded-up and fenced-off capitol building, the technological growing pains of a session conducted almost entirely virtual, a historic ice storm weather event, the forced resignation of one legislator, and the expulsion of another.

Then there was all the money. By the time the session was underway, there was almost no hint that the state economy had undergone a major recession just months prior. The major budget cuts that necessitated special sessions in 2020 were a distant memory. Deficits turned into surpluses - and not just ordinary surpluses – these were historic surpluses. By the final May Revenue forecast, the state had \$2.6 billion in additional federal money at its disposal along with \$2.2 billion in unanticipated General Fund revenues. There was so much money that for the first time in history, each Representative was appropriated \$2 million, and each Senator appropriated \$4 million, to spend on district projects as they saw fit.

And through it all, the capitol building never opened to the public or to lobbyists. All committee hearings were conducted virtually. Amendments were often drafted behind closed doors and unveiled at the latest possible moment. Communications between lobbyists, constituents and legislators were significantly disrupted. The flow of information was curtailed, and the fluid and ongoing nature of advocacy was ground to a halt.

From a policy perspective, the legislature remained focused on responding to the major issues brought to the forefront in 2020 – pandemic recovery, wildfire recovery, policing reforms and racial equity initiatives. Strong Democrat majorities allowed them to deliver some key policy victories for their allied constituencies including gun control legislation, a clean energy mandate, an ambitious recycling program expansion, and a major wildfire recovery bill with significant new requirements on rural residents.

The influx of money into the state's coffers allowed the legislature a once-in-a-lifetime opportunity to support policy choices with major investments of money into housing, relief programs for renters and landlords, wildfire-affected community recovery, water infrastructure, mental health programs, and efforts to support business recovery.

The influx of money into state coffers also appeared to dampen the desire to pursue revenue raising and additional regulation on business. For the first time in several sessions, there was relatively little interest in raising taxes or initiating major regulatory expansion on Oregon's business community.

Through it all - the virtual nature of session and the inability to be in the capitol – we appreciated the opportunity to serve you and advocate on your behalf. PAC lobbyists worked around the clock to leverage relationships, track the process, and work to influence the best outcomes possible in a unique and difficult political environment.

## **2021 Interim & 2022 Session Key Dates**

**Wednesday, August 25, 2021:** Revenue Forecast is released.

**Monday-Tuesday, September 20-21, 2021:** Possible Special Session for Redistricting.

**Wednesday-Friday, September 22-24, 2021:** Legislative Committees meet.

**Monday, September 27, 2021:** Deadline for Passing Redistricting Plan Pursuant to SB 259.

**Tuesday, November 2, 2021:** Election Day.

**Monday-Wednesday, November 15-17, 2021:** Legislative Committees meet.

**Wednesday, November 17, 2021:** Revenue Forecast is released.

**Thursday, November 19, 2021:** Legislative Concept request deadline to Legislative Counsel.

**Monday, January 10, 2022:** Legislative Counsel deadline to return LC drafts to legislators for pre-session filings.

**Monday-Thursday, January 10-13, 2022:** Legislative Committees meet.

**Friday, January 14, 2022:** LC filing deadline with Secretary of the Senate or House Clerk for 2022 bill introductions.

**Tuesday, February 1, 2022:** The Oregon Legislature convenes for the opening day of the 2022 legislative session. All pre-session bills will be first read, and the Senate and House will meet in a joint session to receive the Governor's State of State Address.

**Monday, March 7, 2022:** Constitutional Sine Die deadline for 2022 legislative session.

## **Oregon PERS Retirees, Inc. (OPRI) 2021 Legislative Session Summary**

Public Affairs Counsel was pleased to advocate and monitor the following issues for the Oregon PERS Retirees, Inc during the 2021 Oregon legislative session. This is a summary of issues that were identified as the top legislative priorities and issues for OPRI.

**Income Tax Remedy Payment Fix (HB 2867/HB 2375/HB 2875):** OPRI worked with Representative Paul Evans (D-Monmouth) to introduce **HB 2867**. This bill would more quickly reinstate Tax Remedy Payments for retirees who are unable to timely confirm their Oregon residency prior to the December 31<sup>st</sup> deadline. This was the second time OPRI introduced a bill to address the Tax Remedy Payment. In the 2018 short session, OPRI also introduced a bill, which ultimately did not advance.

**HB 2375** was another priority OPRI bill. Introduced by Representative Ken Helm (D-Beaverton), it was designed to protect part-time employees working to become vested in the PERS system, but were unable to achieve the 600 hours per year threshold due to the pandemic.

HB 2375 and HB 2867 were ultimately combined into a single bill – **HB 2875**.

The newly combined bill received bipartisan support throughout the process. OPRI utilized grassroots efforts for the bill, encouraging PERS retirees and OPRI members to write their legislators in support of the bill. It worked.

- **Final Outcome: HB 2875 received strong support and passed the House 58-0 and the Senate 25-4.** The passage of this bill was the culmination of several years of working with the PERS Agency and multiple legislative sessions.

**Clarification of SB 1049 and Spouse Death Benefits (SB 111):** SB 111 was a PERS agency-sponsored bill designed to clarify pieces of SB 1049, which passed in 2019. Among those clarifications: work after retirement provisions, member redirect provisions, and employer programs provisions.

In addition, SB 111 updated the definition of salary for OPSRP members to include income earned that was not subject to Oregon income tax. For those working remotely outside of the state, income was not subject to Oregon income tax, and therefore was not considered salary for PERS purposes. This issue was highlighted during the COVID-19 pandemic, as more people were working remotely.

SB 111's provision to allow this income to be counted for PERS purposes would be retroactive to January 2020 to avoid any unintended consequences that may have been a result of the pandemic.

An amendment was also added to the bill to increase the optional spouse death benefit from 50% to full equivalent for OPSRP as well as Tier 1 & 2.

- **Final Outcome: SB 111 passed the House 46-11 and the Senate 24-6, and was signed into law.**

**Definition of Employee (SB 112):** Another PERS agency bill, SB 112 would align the definition of employee for PERS with the IRS definition. While this is something the agency has already been doing, a recent lawsuit had called the definition into question, highlighting the need to put this into statute to resolve uncertainty.

- **Final Outcome: SB 112 passed the House 36-21 and the Senate 22-6, and takes effect immediately.**

**Late Contributions for Individual Account Contributions (SB 113):** The final PERS agency bill introduced this session was SB 113. The PERS agency has a policy and practice of charging employers for earnings on late IAP contributions; however, there was not statutory support for this administrative practice. SB 113 would put this into statute, aligning it with the current practice.

- **Final Outcome: SB 113 passed the House 53-0 and the Senate 23-0, becoming effective immediately.**



# Get the FACTS about PERS today

Oregon's PERS system is the retirement security for teachers, firefighters, nurses, child welfare workers and tens of thousands of Oregonians working today in every single community in our state. The promise of a secure retirement allows school districts, fire departments and police stations, and health clinics to make up for below-market salaries to recruit and retain a qualified public workforce.

## Today's PERS

There are just over 225,000 active and inactive (non-retired) members in PERS today. The majority of those members<sup>1</sup> have been hired since 2003, which is when Oregon lawmakers created the Oregon Public Services Retirement Plan (OPSRP). This plan provides a pension that is a set monthly amount that people receive after they retire. The plan reduced pension amounts and created an Individual Account Program (IAP) that works more like a 401(k). Members contribute to their IAP and it grows over time. Whether those contributions come from the employee or the employer is part of the collective bargaining agreements made during contract negotiations. However, in 2019, the state legislature reduced IAP's for every public employee to lower employer rates and fund the pension system.

## PERS "By the Numbers"

Every year the PERS agency publishes a report with all the facts about PERS. Here are some important facts from the December 2020 report.

### Pension benefits for retirees:

**65% get \$0-\$3,000 a month**

**28% get \$3,001-\$6,000 a month**

For retirees from 1990-2019, the average benefit at time of retirement was \$2,429 a month.

### Trending down:

The percent of final average salary people receive continues to trend down.

Average retirement benefit 1990-2019: **52% of final average salary**

**vs.**

Average retirement benefit 2019: **42% of final average salary**

In 2019, people with 30 years service retired with only 50% final average salary.

### Worker shortages:

**Almost 30% of public employees working today are eligible to retire.**

Retirements spike during legislative sessions when benefits are cut.

<sup>1</sup> More than 68% of inactive and active (non-retired) PERS members are enrolled in OPSRP, according to the December 2020 PERS by the Numbers.

## The Unfunded Actuarial Liability (UAL)

Retirements are funded through a mix of investment earnings, employer contributions, and employee contributions. **Most of the fund comes from investments.**

Money for PERS benefit payments comes from three sources (1970-2019)



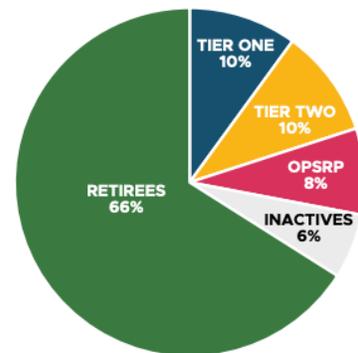
The Oregon Investment Council has done a good job and PERS is one of the highest rated pension systems in the country according to the National Pension Protection Coalition. **Prior to the 2008 recession, PERS was more than 100% funded.** But since that market crash, the fund - like all funds - lost money and has fluctuated between 75-96% funded. Pension funds are considered stable when they are 80% funded.

To reduce the UAL, Oregon has increased both the employee and employer contributions to the fund. It's also important to know that most of the PERS liability comes from people who are already retired. Even if the legislature were to completely eliminate the pension benefit, the state would still owe most of the unfunded liability.

### Actuarial accrued liabilities

(as of December 31, 2019)

Approximately 71% of PERS' total accrued liability is for members who are no longer working in PERS-covered employment (retired and inactive members).



## Corporate Oregon and PERS

For the past 15 years, corporate special interests have waged an anti-PERS campaign to cut public employee benefits. Their efforts deflect attention away from tax breaks and loopholes that help their bottom line and have reduced revenue for schools, health care, and other public services for decades. **The reality is that corporate Oregon hasn't been paying their fair share for years.** Oregon corporate taxes remain in the bottom third of the country<sup>2</sup>.

## Oregon's Public Workforce

As Oregon works to meet the challenges of the COVID-19 pandemic, raging wildfires, and other disruptions, retaining a high-quality public workforce is more important than ever. **The ability of the state to offer a stable and secure retirement is essential to our state's success.**

<sup>2</sup> <https://www.oregonlive.com/business/2019/10/oregon-insight-the-states-business-taxes-are-still-among-the-lowest-but.html>



## Support HB 2867

### THE ISSUE

Dedicated Tier 1 public employees who have retired, receive PERS benefits, and remain residents of Oregon are given a “tax remedy payment” to cover the cost of state taxes imposed on benefit payments.

The “tax remedy payment” is the result of an Oregon Supreme Court decision.

Until 1991, PERS benefit payments were exempt from state income taxes, while federal retirement benefits were partially exempt. A 1989 United States Supreme Court ruling directed that states must tax federal and state retirement benefits in the same manner. In 1991, the Oregon legislature passed a law to subject PERS benefits to state income tax.

Imposing that tax on PERS benefits was challenged to the Oregon Supreme Court, which held that the legislature’s imposition violated the benefit contract for PERS members.

The “tax remedy payment” was then established in both the 1991 and 1995 legislatures to satisfy the various court rulings. Only Tier 1 retirees are eligible for this payment.

The PERS agency uses the Department of Revenue and a retiree’s self-certification each year to determine if a retiree is eligible for the “tax remedy payment” for the following calendar year. Some eligible retirees who do not need to file taxes, but need to self-certify, miss these notices in the mail, usually when a change in residence occurs. If the self-certification is filed late, retirees will miss the reinstatement of the tax remedy for an entire year.

### THE SOLUTION

HB 2867 initiates a small fix in statute to allow tax remedy payments to be reinstated by the next quarter following self-certification of eligibility. This assists our retired public servants who are often on a fixed income, to receive the benefits they are entitled to under law. For example, if a PERS retiree files a residency certification in February after the end of year deadline because of something beyond their control, the retiree would be eligible for the tax remedy payment as soon as April, instead of having to wait until the next calendar year.

HB 2867 is a small fix, but keeps our commitment to PERS retirees who have served in the public sector honorably.

### CONTACT INFORMATION

JL Wilson, Public Affairs Counsel, [jlwilson@pacounsel.org](mailto:jlwilson@pacounsel.org) / 503-569-8054

Patrick Sieng, Public Affairs Counsel, [psieng@pacounsel.org](mailto:psieng@pacounsel.org) / 503-799-8280





Oregon PERS Retirees, Inc.

March 26 · 🌐

On Monday, OPRI testified on behalf of House Bill 2867, which ensures that our retired public servants who are often on a fixed income, continue to receive the "tax remedy payment" they are entitled to under law. Thanks again to Representative Paul Evans for sponsoring this important bill. If you haven't already, you can read OPRI's testimony here: <https://bit.ly/39k8oEX>



👍 9

👍 Like

💬 Comment

➦ Share



Oregon PERS Retirees, Inc.

June 3 at 2:12 PM · 🌐

We need your help! We are asking PERS retirees to send an email in support of House Bill 2875 to legislators. This bill is crucial for protecting the hard-earned benefits of PERS members all throughout our state. Legislators need to hear your voice. Click the link to help us support the bill: <https://opri.org/o.../send-your-letter-of-support-for-hb-2875/>



OPRI.ORG

Send Your Letter of Support for HB 2875 – Oregon PERS Retirees, Inc.

Learn More

👍 75

18 Shares

👍 Like

💬 Comment

➦ Share



Oregon PERS Retirees, Inc.

June 11 at 2:45 PM · 🌐

HB 2875 is now one step closer to becoming a reality! HB 2875 passed out of the Joint Ways and Means Committee today. The bill now heads to the Floor for a vote by the legislature.

Find out how you can help get this bill over the finish line here: <https://opri.org/opr.../hb-2875-moves-to-floor-for-final-vote/>



Oregon PERS Retirees, Inc.

Nonprofit Organization

Learn More

👍 4

1 Comment 2 Shares

👍 Like

💬 Comment

➦ Share



Oregon PERS Retirees, Inc.

June 22 at 1:30 PM · 🌐

This morning, HB 2875 cleared its final hurdle and passed the Senate on a 24-5 vote!

The passage of this bill is the culmination of three years of working with the PERS Agency and multiple legislative sessions. We are proud to see this bill move to Governor Brown's desk for her signature.

OPRI would like to thank all those retirees who reached out to their representatives and let them know the impact this bill has on the livelihood of PERS retirees. Special thanks to Representative Paul Evans (D-Monmouth) for introducing the original OPRI bill.



👍❤️ 24

1 Share

👍 Like

💬 Comment

➦ Share

**OPRI Bill Report**  
**Report Date: June 29, 2021**

**Oregon PERS Retirees**

Bill Number	Priority	Position	Last Three Actions
<a href="#">HB 2375</a>	1	Support	03/22/21 - Public Hearing held. 01/19/21 - Referred to Business and Labor. 01/11/21 - First reading. Referred to Speaker's desk.

Provides for restoration of retirement credit for member of Oregon Public Service Retirement Plan who forfeited retirement credit due to lack of service at end of 2020.

<a href="#">HB 2867</a>	1	Support	03/22/21 - Public Hearing held. 01/19/21 - Referred to Business and Labor with subsequent referral to Revenue. 01/11/21 - First reading. Referred to Speaker's desk.
-------------------------	---	---------	--

Directs Public Employees Retirement Board to initiate, resume or suspend payment of certain increased benefits under Public Employees Retirement System on first day of calendar quarter following receipt of notice by board that benefit payments are or are not subject to Oregon personal income tax.

<a href="#">HB 2875</a>	1	Support with amendments	06/26/21 - President signed. 06/24/21 - Speaker signed. 06/22/21 - Thomsen, granted unanimous consent to change vote to aye.
-------------------------	---	-------------------------	--

Provides that certain employee of State Fire Marshal qualifies as firefighter for purposes of Public Employees Retirement System.

<a href="#">HB 3130</a>	1	Support	03/22/21 - Public Hearing held. 02/16/21 - Referred to Business and Labor with subsequent referral to Ways and Means. 02/09/21 - First reading. Referred to Speaker's desk.
-------------------------	---	---------	---

Provides that certain substitute teachers are considered employees of school district and are eligible for retirement benefits and health benefit plans.

Bill Number	Priority	Position	Last Three Actions
<a href="#">SB 111</a>	2	Watch	06/10/21 - Effective date, January 1, 2022. 06/10/21 - Chapter 135, 2021 Laws. 06/01/21 - Governor signed.

Modifies provisions relating to public employee retirement.

<a href="#">SB 112</a>	2	Watch	06/10/21 - Effective date, June 1, 2021. 06/10/21 - Chapter 136, 2021 Laws. 06/01/21 - Governor signed.
------------------------	---	-------	---

Provides that common law employees are employees for purposes of Public Employees Retirement System.

<a href="#">SB 113</a>	2	Watch	06/10/21 - Effective date, June 1, 2021. 06/10/21 - Chapter 137, 2021 Laws. 06/01/21 - Governor signed.
------------------------	---	-------	---

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.

<a href="#">SB 5536</a>	2	Watch	06/10/21 - Effective date, July 1, 2021. 06/10/21 - Chapter 145, 2021 Laws. 06/01/21 - Governor signed.
-------------------------	---	-------	---

Limits certain biennial expenditures from fees, moneys or other revenues, including Miscellaneous Receipts, but excluding lottery funds and federal funds, collected or received by Public Employees Retirement System.

Bill Number	Priority	Position	Last Three Actions
-------------	----------	----------	--------------------

**OPRI Bill Report**  
**Report Date: June 29, 2021**

**Oregon PERS Retirees**

Bill Number	Priority	Position	Last Three Actions
<a href="#">HB 2223</a>	3	No Position	01/19/21 - Referred to Business and Labor with subsequent referral to Ways and Means. 01/11/21 - First reading. Referred to Speaker's desk.
Directs participating public employers in Public Employees Retirement System to make employer contributions to individual account program, or cash payments, of one percent of member's salary during certain periods, depending on funded status of system.			
<a href="#">HB 2242</a>	3	No Position	01/19/21 - Referred to Business and Labor with subsequent referral to Ways and Means. 01/11/21 - First reading. Referred to Speaker's desk.
Provides that telecommunicator qualifies as police officer under Public Employees Retirement System.			
<a href="#">HB 2512</a>	3	No Position	01/19/21 - Referred to Business and Labor with subsequent referral to Ways and Means. 01/11/21 - First reading. Referred to Speaker's desk.
Makes permanent provisions allowing retired member of Public Employees Retirement System to be reemployed by participating public employer for unlimited number of hours without reduction in pension benefits.			
<a href="#">HB 2516</a>	3	No Position	01/19/21 - Referred to Business and Labor with subsequent referral to Ways and Means. 01/11/21 - First reading. Referred to Speaker's desk.
Lowers normal retirement age for firefighters under Oregon Public Service Retirement Plan.			
<a href="#">HB 2709</a>	3	No Position	01/19/21 - Referred to Business and Labor. 01/11/21 - First reading. Referred to Speaker's desk.
Provides that public employee may not become member of pension program of Oregon Public Service Retirement Plan on or after January 1, 2022.			
<a href="#">HB 2748</a>	3	No Position	01/19/21 - Referred to Business and Labor. 01/11/21 - First reading. Referred to Speaker's desk.
Provides that persons employed by participating public employers may not become members of pension program or individual account program of Oregon Public Service Retirement Plan on or after January 1, 2022.			
<a href="#">HB 2750</a>	3	No Position	01/19/21 - Referred to Business and Labor with subsequent referral to Ways and Means. 01/11/21 - First reading. Referred to Speaker's desk.
Modifies retirement plan options of persons elected or appointed as statewide elected officials or judges.			
<a href="#">HB 2866</a>	3	No Position	01/19/21 - Referred to Business and Labor. 01/11/21 - First reading. Referred to Speaker's desk.
Modifies provisions relating to retirement benefits for public employee who is designated representative of exclusive representative and takes release time.			
<a href="#">HB 2906</a>	3	No Position	06/15/21 - Governor signed. 06/08/21 - Speaker signed. 06/08/21 - President signed.
Provides that, if monthly salary of member of individual account program of Oregon Public Service Retirement Plan does not exceed \$3,333, instead of \$2,500, Public Employees Retirement Board shall credit all employee contributions made by member to employee account and credit no employee contributions made by member to employee pension stability account.			

**OPRI Bill Report**  
**Report Date: June 29, 2021**

**Oregon PERS Retirees**

Bill Number	Priority	Position	Last Three Actions
<a href="#">HB 2915</a>	3	No Position	06/10/21 - Chapter 124, (2021 Laws): Effective date June 1, 2021. 06/01/21 - Governor signed. 05/26/21 - President signed.
Requires city that provides disability or retirement system for firefighters by ordinance or charter that is not subject to workers' compensation law to apply provisions requiring presumption that condition or impairment of health is occupational disease that results from employment if firefighter took physical examination upon gaining or during employment that failed to reveal evidence of occupational disease that existed before employment.			
<a href="#">SB 42</a>	3	No Position	03/01/21 - Referred to Ways and Means by order of the President. 03/01/21 - Recommendation: Do pass with amendments and be referred to Ways and Means. (Printed A-Eng.) 02/18/21 - Work Session held.
Provides that certain employees of State Board of Parole and Post-Prison Supervision qualify as police officers under Public Employees Retirement System.			
<a href="#">SB 297</a>	3	No Position	06/10/21 - Effective on the 91st day following adjournment sine die. 06/10/21 - Chapter 173, 2021 Laws. 06/03/21 - Governor signed.
Provides that judicial marshal certified by Department of Public Safety Standards and Training qualifies as police officer under Public Employees Retirement System.			
<a href="#">SB 413</a>	3	No Position	01/19/21 - Referred to Finance and Revenue. 01/11/21 - Introduction and first reading. Referred to President's desk.
Provides that, for purposes of determining salary of certain member of Public Employees Retirement System, housing allowance paid to prison chaplain shall be treated as includable in member's taxable income under Oregon law.			
<a href="#">SB 426</a>	3	No Position	02/11/21 - Public Hearing held. 01/19/21 - Referred to Labor and Business. 01/11/21 - Introduction and first reading. Referred to President's desk.
Allows telecommunicators to purchase certain retirement credits and increased benefits under Public Employees Retirement System.			
<a href="#">SB 427</a>	3	No Position	01/19/21 - Referred to Labor and Business. 01/11/21 - Introduction and first reading. Referred to President's desk.
Directs Public Employees Retirement Board to study options for allowing telecommunicators to obtain prorated service year units and to report to appropriate committee or interim committee of Legislative Assembly no later than September 15, 2022.			
<a href="#">SB 446</a>	3	No Position	01/19/21 - Referred to Labor and Business. 01/11/21 - Introduction and first reading. Referred to President's desk.
Changes calculation of final average salary for purposes of Public Employees Retirement System to use five years of salary instead of three years, for salary paid on and after January 1, 2022.			
<a href="#">SB 510</a>	3	No Position	01/19/21 - Referred to Labor and Business. 01/11/21 - Introduction and first reading. Referred to President's desk.
Cancels pension of member of pension program of Oregon Public Service Retirement Plan who is convicted of rape or murder.			