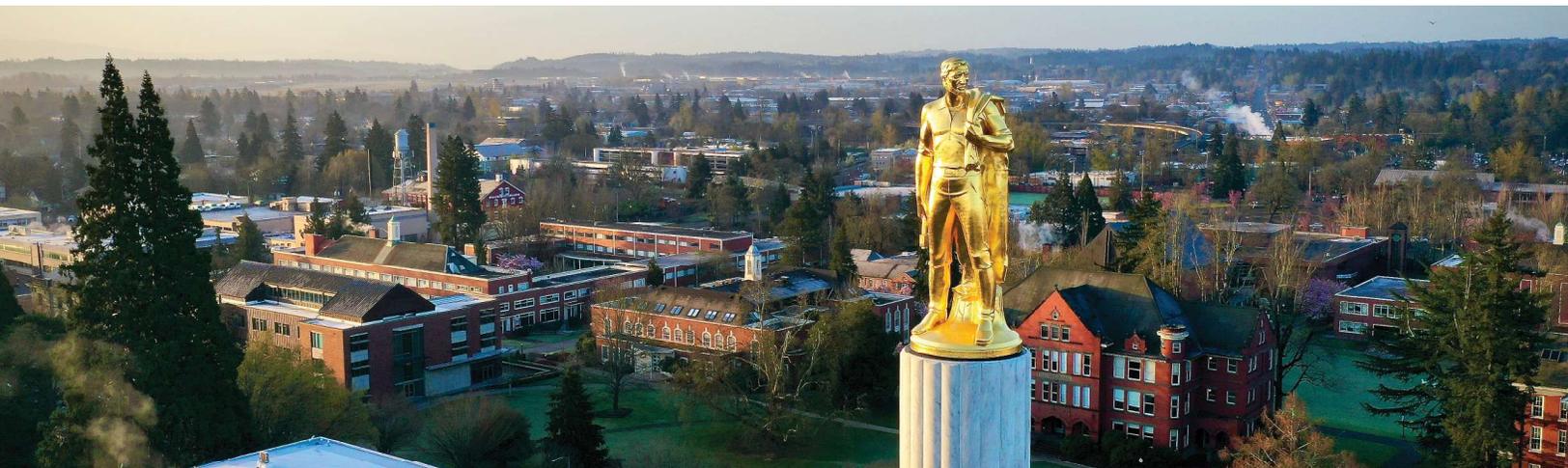




Oregon PERS Retirees Inc.

## POLITICAL INSIGHTS THAT MATTER



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- **2026 Short Session preview**
- **Bill would expand police officer classification**
- **Democrats push May transportation referendum**

## Oregon Legislature Faces Major Budget Decisions in Short Session

As the Oregon Legislature gavels in this February, lawmakers will have just 35 days to tackle hundreds of bills and major policy and budget decisions.

This year's short session began on Monday, February 2nd with a mandatory adjournment date of Sunday, March 8th. During this time, legislators are expected to review around 300 bills, with their primary focus on balancing the state budget.

The centerpiece of budget discussions will be an Oregon-specific response to the federal 'Big Beautiful Bill' (HR 1). Upon passage of the bill, the tax cuts for individuals and businesses were estimated to reduce Oregon tax collections by about \$800 million.

This is due to the fact that federal tax cuts flow through to state tax returns unless the Oregon legislature expressly chooses to disconnect from the federal tax cuts and disallow those tax cuts on Oregon tax returns. Under this scenario, taxpayers still receive the tax cuts on their federal tax returns, but not on their state taxes.

Democrat leaders for both the House and Senate Committees on Finance and Revenue have introduced Senate Bill 1507, which

### About OPRI

The Oregon PERS Retirees, Inc. (OPRI) is the state's largest organization that exists solely to protect the rights and benefits of Oregon's retired public employees. We serve retirees like you by monitoring PERS disbursements, advocating for you at the Legislature and, when necessary, defending you in court. To learn more, please visit our website: [www.opri.org](http://www.opri.org)

## Legislative leadership seeks to move election date for transportation referendum

Senate President Rob Wagner (D-Lake Oswego) and House Speaker Julie Fahey (D-Eugene) announced their plan to introduce legislation to move the date for the transportation referendum from the General Election on November 3rd to the Primary Election on May 19th.

The announcement comes just weeks after Governor Kotek called on legislators to repeal the transportation bill passed during the special session held in September to address the budget shortfall at the Oregon Department of Transportation (ODOT). Leadership later learned that, based on an Oregon Attorney General opinion from 1935, once a law has been referred to the ballot, the Legislature can't repeal it. They can, however, set the date for the election.

Republicans and taxpayer groups led the referral effort after the bill passed along party lines. Over 200,000 signatures were collected - far more than the 78,000 required. Voters will now decide on the 6-cent gasoline tax and transit payroll tax increase.



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## Bill Would Expand Police Officer Classification Under PERS

There is just one bill relating to PERS this session - **Senate Bill 1569**. This bill would expand the definition of "police officers" under PERS to include additional categories of workers. Broadening this definition would allow additional workers to be eligible for retirement benefits associated with police officers, including formulas for calculating retirement benefits and retirement age eligibility.

OPRI will be monitoring the progress of SB 1569 and keep members updated on its progress throughout session.



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would partially disconnect from some of the federal tax provisions of HR 1. These disconnects would keep these funds in Oregon's budget.

Senate Bill 1507 proposes disconnecting from the following:

- Interest deduction for Oregon taxpayers who purchase and finance a U.S.- assembled passenger vehicle. This is estimated to generate \$19 million per year to the state.
- Personal income tax exclusion for gain from the exchange or sale of qualified small business stock. This would bring in an additional \$39 million.
- Bonus depreciation for business investment in machinery and equipment placed into service in tax years 2026 and later. This would generate an estimated \$267 million to the state.

All told, it appears lawmakers believe they can balance the state budget with an additional \$300 million this biennium.

## February forecast gives more positive state budget outlook

On February 4th, the state received a significantly brighter budget forecast than the previous quarter, giving lawmakers an additional \$286 million to work with than expected.

The November 2025 forecast projected a \$63 million biennial budget deficit. But thanks to the combination of higher than expected corporate income taxes and economic growth driven by interest rate and tax cuts at the federal level, that has flipped to a \$200 million surplus for this biennium.

Even with this largely positive forecast, legislators are still considering budget cuts, as well as a bill to disconnect the state from several federal tax provisions that were included in the 'Big Beautiful Bill.' These disconnects are included in Senate Bill 1507 (*see article above for additional details.*) This is largely due to the increased costs expected to implement new federal requirements for Medicaid and SNAP.

After growing concerns and increased scrutiny that private equity investments had grown too large, Oregon State Treasurer Elizabeth Steiner announced plans to reduce private equity holdings for the Oregon Public Employee Retirement Fund. By the end of 2025, the percentage of private equity holdings will be reduced from 28% to 25%, and eventually be no more than 20%. Currently, about \$26 billion is invested in private equity.





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