

SENATE AMENDMENTS TO SENATE BILL 1049

By JOINT COMMITTEE ON WAYS AND MEANS

May 22

1 In line 2 of the printed bill, before the period insert “; creating new provisions; amending ORS
2 238.005, 238.105, 238.115, 238.265, 238.300, 238.305, 238.320, 238.325, 238.395, 238.580, 238.694, 238.695,
3 238.698, 238A.005, 238A.110, 238A.120, 238A.320, 238A.330, 238A.335, 238A.375, 238A.410, 243.800,
4 341.551 and 461.010 and sections 1, 2, 3, 3b, 13, 15, 24, 26 and 29, chapter 105, Oregon Laws 2018,
5 and sections 2 and 3, chapter 118, Oregon Laws 2018; repealing section 4, chapter 118, Oregon Laws
6 2018; and declaring an emergency”.

7 Delete lines 4 through 6 and insert:
8
9

“EMPLOYEE CONTRIBUTIONS

10
11 “**SECTION 1.** ORS 238A.330 is amended to read:

12 “238A.330. (1) A member of the individual account program must make employee contributions
13 to the individual account program of six percent of the member’s salary.

14 “(2) Employee contributions made by a member of the individual account program under this
15 section shall be credited by the **Public Employees Retirement** Board [*to the employee account es-*
16 *tablished for the member under ORS 238A.350 (2).*] **as follows:**

17 “(a) **Except as provided in paragraph (c) of this subsection, for a member who established**
18 **membership in the Public Employees Retirement System before August 29, 2003, as described**
19 **in ORS 238A.025:**

20 “(A) **If the member’s salary does not exceed \$2,500 in a calendar month, the board shall**
21 **credit all employee contributions made by the member under this section to the employee**
22 **account established for the member under ORS 238A.350 (2).**

23 “(B) **If the member’s salary exceeds \$2,500 in a calendar month, the board shall credit:**

24 “(i) **3.5 percent of the member’s salary to the employee account established for the**
25 **member under ORS 238A.350 (2); and**

26 “(ii) **2.5 percent of the member’s salary to the employee pension stability account estab-**
27 **lished for the member under section 3 of this 2019 Act.**

28 “(b) **Except as provided in paragraph (c) of this subsection, for a member who established**
29 **membership in the system on or after August 29, 2003, as described in ORS 238A.025:**

30 “(A) **If the member’s salary does not exceed \$2,500 in a calendar month, the board shall**
31 **credit all employee contributions made by the member under this section to the employee**
32 **account established for the member under ORS 238A.350 (2).**

33 “(B) **If the member’s salary exceeds \$2,500 in a calendar month, the board shall credit:**

34 “(i) **5.25 percent of the member’s salary to the employee account established for the**
35 **member under ORS 238A.350 (2); and**

1 “(ii) 0.75 percent of the member’s salary to the employee pension stability account es-
2 tablished for the member under section 3 of this 2019 Act.

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

8 “(3) If any contributions made by a member of the individual account program are cred-
9 ited to the employee pension stability account under subsection (2) of this section, the
10 member may make additional employee contributions to the individual account program in
11 the amount credited to the employee pension stability account. The board shall credit em-
12 ployee contributions made under this subsection to the employee account established for the
13 member under ORS 238A.350 (2). Contributions under this subsection may not be paid by the
14 employer under ORS 238A.335.

15 “[(3)] (4) A new member of the individual account program shall first make contributions under
16 this section for those wages that are attributable to services performed by the employee during the
17 first full pay period following the six-month probationary period required under ORS 238A.300,
18 without regard to when those wages are considered earned for other purposes under this chapter.

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

24 “SECTION 2. Section 3 of this 2019 Act is added to and made a part of ORS chapter 238A.

25 “SECTION 3. Employee pension stability accounts established. (1) The Public Employees
26 Retirement Board shall establish an employee pension stability account for each active
27 member of the Public Employees Retirement System.

28 “(2) Each account established under this section shall be adjusted at least annually in
29 accordance with rules adopted by the board to reflect any net earnings or losses on the
30 amounts in the account. The adjustments described in this subsection shall continue until
31 the amounts in the account are withdrawn or applied against the costs of the pension or
32 other retirement benefits that are payable to the member or the member’s beneficiary under
33 this chapter or ORS chapter 238.

34 “(3)(a) Unless the amounts in an account established under this section are withdrawn
35 under ORS 238A.375, the amounts in the account established under this section shall be ap-
36 plied by the board to pay the costs of the pension or other retirement benefits that are
37 payable to the member or the member’s beneficiary under this chapter or ORS chapter 238
38 and that accrue on or after July 1, 2020.

39 “(b) If the amounts in the account established under this section exceed the costs of the
40 pension or other retirement benefits that are payable to the member or the member’s ben-
41 eficiary under this chapter or ORS chapter 238 and that accrue on or after July 1, 2020, the
42 board shall refund the excess amounts in a lump sum to the member or the member’s ben-
43 eficiary.

44 “SECTION 4. ORS 238A.110 is amended to read:

45 “238A.110. Membership under the pension program terminates when:

1 “(1) A member dies;

2 “(2) A member withdraws under ORS [238A.120] **238A.375**; or

3 “(3) A member forfeits retirement credit under ORS 238A.145.

4 “**SECTION 5.** ORS 238A.120 is amended to read:

5 “238A.120. [(1) A vested inactive member may withdraw from the pension program if:]

6 “[*(a) The actuarial equivalent of the member’s benefit under the pension program at the time of*

7 *withdrawal is \$5,000 or less; and]*

8 “[*(b) The inactive member has separated from all service with participating public employers and*

9 *with employers who are treated as part of a participating public employer’s controlled group under the*

10 *federal laws and rules governing the status of the system and the fund as a qualified governmental*

11 *retirement plan and trust.]*

12 “[*(2) Upon withdrawal under this section, the Public Employees Retirement Board shall pay the*

13 *withdrawing member the actuarial equivalent of the member’s benefit in a lump sum.]*

14 “[*(3) If a vested inactive member withdraws from the pension program under this section and is*

15 *thereafter reemployed by a participating public employer:]* **A vested inactive member who with-**

16 **draws from the individual account program under ORS 238A.375 cancels the person’s mem-**

17 **bership in the Public Employees Retirement System. If the person is thereafter reemployed**

18 **by a participating public employer:**

19 “[*(a)*] (1) The person may reestablish membership in the pension program only for the purpose

20 of service performed after the person is reemployed; and

21 “[*(b)*] (2) Any service performed before the withdrawal may not be credited toward the period

22 of service required by ORS 238A.100 or 238A.115 or toward the accrual of retirement credit under

23 ORS 238A.140, 238A.150 or 238A.155.

24 “[*(4) A member who has an individual account or accounts in the individual account program es-*

25 *tablished under ORS 238A.025 may withdraw from the pension program under this section only if the*

26 *member also withdraws all individual accounts pursuant to ORS 238A.375. A member who has a*

27 *member account established under ORS chapter 238 may withdraw from the pension program under*

28 *this section only if the member also withdraws that member account in the manner provided by ORS*

29 *238.265. A member who has an account established under ORS 238.440 may withdraw from the pension*

30 *program under this section only if the member also withdraws the account established under ORS*

31 *238.440.]*

32 “[*(5) For the purposes of this section, the actuarial equivalent of a member’s benefit does not in-*

33 *clude any value attributable to adjustments to the benefit under ORS 238A.210.]*

34 “**SECTION 6.** ORS 238A.320 is amended to read:

35 “238A.320. (1) A member of the individual account program becomes vested in the employee

36 account established for the member under ORS 238A.350 (2) on the date the employee account is

37 established.

38 “(2) A member who makes rollover contributions becomes vested in the rollover account estab-

39 lished for the member under ORS 238A.350 (4) on the date the rollover account is established.

40 “(3) Except as provided in subsection (4) of this section, if an employer makes employer contri-

41 butions for a member under ORS 238A.340 the member becomes vested in the employer account es-

42 tablished under ORS 238A.350 (3) on the earliest of the following dates:

43 “(a) The date on which the member completes at least 600 hours of service in each of five cal-

44 endar years. The five calendar years need not be consecutive, but are subject to the provisions of

45 subsection (5) of this section.

1 “(b) The date on which an active member reaches the normal retirement age for the member
2 under ORS 238A.160.

3 “(c) If the individual account program is terminated, the date on which termination becomes
4 effective, but only to the extent the account is then funded.

5 “(d) The date on which an active member becomes disabled, as described in ORS 238A.155 (5).

6 “(e) The date on which an active member dies.

7 “(4) If on the date that a person becomes an active member the person has already reached the
8 normal retirement age for the person under ORS 238A.160, and the employer makes employer con-
9 tributions for the member under ORS 238A.340, the person is vested in the employer account es-
10 tablished under ORS 238A.350 (3) on that date.

11 “(5) If a member of the individual account program who is not vested in the employer account
12 performs fewer than 600 hours of service in each of five consecutive calendar years, hours of service
13 performed before the first calendar year of the period of five consecutive calendar years shall be
14 disregarded for purposes of determining whether the member is vested under subsection (3)(a) of this
15 section.

16 “(6) Solely for purposes of determining whether a member is vested under subsection (3)(a) of
17 this section, hours of service include creditable service, as defined in ORS 238.005, performed by the
18 person before the person became an eligible employee, as long as the membership of the person
19 under ORS chapter 238 has not been terminated under the provisions of ORS 238.095 on the date
20 the person becomes an eligible employee.

21 “(7) **A member becomes vested in the employee pension stability account established for**
22 **the member under section 3 of this 2019 Act on the date the employee pension stability ac-**
23 **count is established.**

24 “**SECTION 7.** ORS 238A.335 is amended to read:

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

29 “(2) An agreement under this section [*to pay the required employee contribution*] may provide
30 that:

31 “(a) **Amounts be deducted from** employee compensation [*be reduced*] to generate the funds
32 needed to make [*the*] employee contributions; or

33 “(b) Additional amounts be paid by the employer for the purpose of making [*the*] employee
34 contributions[, *and employee compensation not be reduced for the purpose of generating the funds*
35 *needed to make the employee contributions*].

36 “(3) A participating public employer must give written notice to the Public Employees Retire-
37 ment Board at the time that [*a written employment policy or collective bargaining agreement described*
38 *in*] **an agreement under** subsection (1) of this section is adopted or changed. The notice must spe-
39 cifically indicate whether the agreement is as described in subsection (2)(a) or (b) of this section.
40 [*Any change in the manner in which employee contributions are to be paid applies only to employee*
41 *contributions made on and after the date the notice is received by the board.*] **An agreement under**
42 **this section, and any change to an agreement under this section, applies only to employee**
43 **contributions for pay periods beginning on or after the date that the notice is received by**
44 **the board.**

45 “**SECTION 8.** ORS 238A.375 is amended to read:

1 “238A.375. (1) An inactive member of the individual account program may elect to receive a
2 distribution of the amounts in the member’s employee account, rollover account, [and] employer
3 account **and employee pension stability account** to the extent the member is vested in those ac-
4 counts under ORS 238A.320 if the inactive member has separated from all service with participating
5 public employers and with employers who are treated as part of a participating public employer’s
6 controlled group under the federal laws and rules governing the status of the **Public Employees**
7 **Retirement** System and the **Public Employees Retirement** Fund as a qualified governmental re-
8 tirement plan and trust.

9 “(2) If an inactive member of the individual account program who is not vested in the employer
10 account receives a distribution under subsection (1) of this section, the employer account of the
11 member is permanently forfeited as of the date of the distribution.

12 “(3) A member may not make an election under this section for less than all of the member’s
13 individual accounts described in ORS 238A.350, **and the member’s employee pension stability**
14 **account described in section 3 of this 2019 Act**, in which the member is vested.

15 “(4) A member who is vested in the pension program established under this chapter and who
16 [is eligible to withdraw from the pension program under ORS 238A.120 may make an election under
17 this section only if the member also withdraws from the pension program] **withdraws the member’s**
18 **accounts under this section cancels all membership rights in the system.**

19 “(5) A member who has a member account established under ORS chapter 238 may make an
20 election under this section only if the member also withdraws that member account in the manner
21 provided by ORS 238.265. A member who has an account established under ORS 238.440 may make
22 an election under this section only if the member also withdraws the account established under ORS
23 238.440.

24 “[5] (6) If an inactive member receives a distribution under subsection (1) of this section and
25 is subsequently reemployed by a participating public employer, any service performed before the
26 date the member became an inactive member may not be used toward the period of service required
27 for vesting in the employer account under ORS 238A.320.

28 “**SECTION 9.** ORS 238A.410, as amended by section 9, chapter 101, Oregon Laws 2018, is
29 amended to read:

30 “238A.410. (1)(a) If a member of the individual account program dies before retirement, the
31 amounts in the member’s employee account, rollover account and employer account, to the extent
32 the member is vested in those accounts under ORS 238A.320, shall be paid in a lump sum to the
33 beneficiary or beneficiaries designated by the member for the purposes of this section.

34 “(b) **If a member of the individual account program dies before retirement, the amounts**
35 **in the employee pension stability account established for the member under section 3 of this**
36 **2019 Act shall be applied by the Public Employees Retirement Board to pay the costs of any**
37 **benefit payable under ORS 238.395 or 238A.230 that accrues on or after July 1, 2020. If the**
38 **amounts in the employee pension stability account exceed the costs of the benefit payable**
39 **under ORS 238.395 or 238A.230 that accrues on or after July 1, 2020, the excess amounts shall**
40 **be paid in a lump sum to the beneficiary or beneficiaries designated by the member for the**
41 **purposes of this section.**

42 “(2) If a member of the individual account program is married at the time of death, or there
43 exists at the time of death any other person who is constitutionally required to be treated in the
44 same manner as a spouse for the purpose of retirement benefits, the spouse or other person shall
45 be the beneficiary for purposes of the death benefit payable under this section unless the spouse or

1 other person consents to the designation of a different beneficiary or beneficiaries before the des-
2 ignation has been made and the consent has not been revoked by the spouse or other person as of
3 the time of the member's death. Consent and revocation of consent must be in writing, acknowledged
4 by a notary public, and submitted to the Public Employees Retirement Board in accordance with
5 rules adopted by the board. If the member's spouse is designated as the member's beneficiary and
6 the marriage of the member and spouse is subsequently dissolved, the former spouse shall be treated
7 as predeceasing the member for purposes of this section, unless the member expressly designates the
8 former spouse as beneficiary after the effective date of the dissolution or the former spouse is re-
9 quired to be designated as a beneficiary under the provisions of ORS 238.465.

10 “(3) For purposes of this section and ORS 238A.400 (3), if a member fails to designate a benefi-
11 ciary, or if the person or persons designated do not survive the member, the death benefit provided
12 for in this section shall be paid to the following person or persons, in the following order of priority:

13 “(a) The member's surviving spouse or other person who is constitutionally required to be
14 treated in the same manner as a spouse;

15 “(b) The member's surviving children, in equal shares; or

16 “(c) The member's estate.

17 “(4) The entire amount of a deceased member's vested accounts must be distributed by December
18 31 of the fifth calendar year after the year in which the member died. Notwithstanding any other
19 provision of this chapter, distributions of death benefits under the individual account program must
20 comply with the minimum distribution requirements of 26 U.S.C. 401(a)(9) and the regulations im-
21 plementing that section, as in effect on December 31, 2017. The Public Employees Retirement Board
22 shall adopt rules implementing those minimum distribution requirements.

23 “**SECTION 10.** ORS 238.105 is amended to read:

24 “238.105. (1) Whenever, within five years after the employee is separated from all service enti-
25 tling the employee to membership in the **Public Employees Retirement** System, an employee who
26 has withdrawn the amount credited to the member account of the member reenters the service of
27 an employer participating in the system, the employee's rights in the system that were forfeited by
28 the withdrawal shall be restored upon repaying to the **Public Employees Retirement** Board within
29 one year after reentering the service of the employer, the full amount so withdrawn together with
30 the interest that would have been accumulated on the sum had the amount not been withdrawn.

31 “(2) Restoration of rights under this section does not affect any forfeiture of rights of a person
32 by reason of:

33 “(a) Withdrawal of an account established under ORS 238.440; **or**

34 “[*(b) Withdrawal from the pension program under ORS 238A.120; or*]

35 “[*(c)*] **(b)** Withdrawal of individual accounts pursuant to ORS 238A.375.

36 “**SECTION 11.** ORS 238.115 is amended to read:

37 “238.115. (1)(a) A member of the **Public Employees Retirement** System who, after separation
38 from all service entitling the employee to membership in the system and withdrawal of the amount
39 credited to the member account of the member, reenters the service of an employer participating in
40 the system and serves as an active member of the system for 10 years after that reentry, and who
41 has not otherwise obtained restoration of creditable service forfeited by the withdrawal, shall obtain
42 restoration of one full month of creditable service forfeited by the withdrawal for each three full
43 months of service as an active member after that reentry if the member, within 90 days before the
44 effective date of retirement of the member:

45 “(A) Applies in writing to the **Public Employees Retirement** Board for restoration of credita-

1 ble service; and

2 “(B) Pays to the board in a lump sum for credit to the member account of the member the
3 amount withdrawn and interest on the amount withdrawn compounded annually for each year or
4 portion of a year after the date of the withdrawal and before the effective date of retirement of the
5 member. The interest shall be computed at the annual rate of 7.5 percent.

6 “(b) If a member who obtains restoration of creditable service as provided in this subsection
7 does not obtain restoration of all creditable service forfeited by the withdrawal pursuant to service
8 after reentry, the payment under paragraph (a) of this subsection shall be reduced proportionately
9 to reflect the percentage of creditable service restored.

10 “(c) A member who obtains restoration of creditable service as provided in this subsection is
11 not entitled to elect to receive the service retirement benefit described in ORS 238.305 (2) or (3).

12 “(2) A member who forfeited creditable service rendered to a public employer before March 27,
13 1953, because under ORS 237.976 (2) the employee withdrew contributions of the employee to the
14 Public Employees Retirement System established by chapter 401, Oregon Laws 1945, and who did
15 not obtain restoration of creditable service so forfeited as provided in chapter 857, Oregon Laws
16 1977, shall, upon retirement, receive restoration of creditable service so forfeited, if the member,
17 before the effective date of retirement of the member:

18 “(a) Applies in writing to the board for the restoration of the creditable service; and

19 “(b) Pays to the board in a lump sum for credit to the member account of the member an amount
20 determined by the board to be equal to the full amount of contributions so withdrawn and the in-
21 terest that would have accumulated to the regular account of the member had those contributions
22 not been withdrawn.

23 “(3)(a) A member of the Public Employees Retirement System who was a member of an associ-
24 ation established pursuant to ORS chapter 239 (1997 Edition), but separated from all service entitl-
25 ing the employee to membership in the system of the association and withdrew the amount credited
26 to the member account of the employee in the retirement fund of the association, and who, after that
27 separation, entered the service of an employer in the field of education participating in the Public
28 Employees Retirement System and served as an active member of that system for 10 years after that
29 entry, and who has not otherwise obtained restoration of all creditable service forfeited by the
30 withdrawal, shall obtain creditable service as a member of the Public Employees Retirement System
31 equal to all creditable service forfeited by the withdrawal if the member within 90 days before the
32 effective date of retirement of the member:

33 “(A) Applies in writing to the Public Employees Retirement Board for that creditable service;
34 and

35 “(B) Pays to the board in a lump sum for credit to the member account of the member the
36 amount withdrawn and interest on the amount withdrawn compounded annually for each year or
37 portion of a year after the date of the withdrawal and before the effective date of retirement or ef-
38 fective date of application of the member. The interest shall be computed at the rate actually cred-
39 ited to regular accounts for that period.

40 “(b) This subsection provides a method of obtaining creditable service for forfeited creditable
41 service described in this subsection that is in lieu of any application of subsection (1) of this section
42 for that purpose.

43 “(4) Restoration of creditable service under this section does not affect any forfeiture of rights
44 of a person by reason of:

45 “(a) Withdrawal of an account established under ORS 238.440; **or**

1 “[(b) *Withdrawal from the pension program under ORS 238A.120; or]*

2 “[*(c)*] **(b)** Withdrawal of individual accounts pursuant to ORS 238A.375.

3 “**SECTION 12.** ORS 238.265 is amended to read:

4 “238.265. (1) Except as otherwise provided in this section, a member of the Public Employees
5 Retirement System may withdraw from the Public Employees Retirement Fund the amount credited
6 to the member account, if any, for the member if:

7 “(a) The member is separated from all service with participating public employers;

8 “(b) The member is separated from all service with employers who are treated as part of a
9 participating public employer’s controlled group under the federal laws and rules governing the
10 status of the system and the fund as a qualified governmental retirement plan and trust;

11 “(c) The member has not attained earliest service retirement age; and

12 “(d) The separation from service is not by reason of death or disability.

13 “(2) If a member wishes to withdraw the member account, if any, of the member under this
14 section, the member must transmit to the Public Employees Retirement Board a withdrawal request.
15 The board shall deny the withdrawal, or shall take all reasonable steps to recover withdrawn
16 amounts, if:

17 “(a) The board determines that the separation is not a bona fide separation; or

18 “(b) The member fails to remain absent from the service of all employers described in subsection
19 (1) of this section for at least one calendar month following the month in which the member sepa-
20 rates from service.

21 “(3) If a member has contributed to the fund in each of five calendar years and has separated
22 from all service in the manner described in subsection (1) of this section before reaching earliest
23 service retirement age, the member may elect to withdraw the member account of the member under
24 this section at any time before reaching earliest service retirement age. If the inactive member does
25 not make an election to withdraw under this section, the member shall be paid the benefits or re-
26 tirement allowances described in ORS 238.425.

27 “(4) [*A member who is vested in the pension program established under ORS chapter 238A and*
28 *who is eligible to withdraw from the pension program under ORS 238A.120 may withdraw a member*
29 *account under this section only if the member also withdraws from the pension program.] A member
30 who has an individual account or accounts in the individual account program established under ORS
31 chapter 238A may withdraw a member account under this section only if the member also withdraws
32 all individual accounts pursuant to ORS 238A.375. A member who has an account established under
33 ORS 238.440 may withdraw a member account under this section only if the member also withdraws
34 the account established under ORS 238.440.*

35 “(5) Withdrawal of a member account under this section cancels all membership rights in the
36 system, including the right to claim credit for any employment before withdrawal.

37 “**SECTION 13.** ORS 238.300 is amended to read:

38 “238.300. Upon retiring from service at normal retirement age or thereafter, a member of the
39 **Public Employees Retirement** System shall receive a service retirement allowance which shall
40 consist of the following annuity and pensions:

41 “(1) A refund annuity which shall be the actuarial equivalent of accumulated contributions, if
42 any, by the member **under this chapter** and interest thereon credited at the time of retirement,
43 which annuity shall provide an allowance payable during the life of the member and at death a lump
44 sum equal in amount to the difference between accumulated contributions at the time of retirement
45 and the sum of the annuity payments actually made to the member during life shall be paid to such

1 person, if any, as the member nominates by written designation duly acknowledged and filed with
2 the board or shall otherwise be paid according to the provisions of this chapter for disposal of an
3 amount credited to the member account of a member at the time of death in the event the member
4 designates no beneficiary to receive the amount or no such beneficiary is able to receive the
5 amount. If death of the member occurs before the first payment is due, the member account of the
6 member shall be treated as though death had occurred before retirement.

7 “(2)(a) A life pension (nonrefund) for current service provided by the contributions of employers
8 **and, for pension benefits that accrue on or after July 1, 2020, amounts in the employee pen-**
9 **sion stability account established for the member under section 3 of this 2019 Act,** which
10 pension, subject to paragraph (b) of this subsection, shall be an amount which, when added to the
11 sum of the annuity, if any, under subsection (1) of this section and the annuity, if any, provided on
12 the same basis and payable from the Variable Annuity Account, both annuities considered on a re-
13 fund basis, results in a total of:

14 “(A) For service as a police officer or firefighter, two percent of final average salary multiplied
15 by the number of years of membership in the system as a police officer or firefighter before the ef-
16 fective date of retirement.

17 “(B) For service as other than a police officer or firefighter, including service as a member of
18 the Legislative Assembly, 1.67 percent of final average salary multiplied by the number of years of
19 membership in the system as other than a police officer or firefighter before the effective date of
20 retirement.

21 “(b) A pension under this subsection shall be at least:

22 “(A) For a member who first establishes membership in the system before July 1, 2003, the
23 actuarial equivalent of the annuity provided by the accumulated contributions of the member. A
24 person establishes membership in the system before July 1, 2003, for the purposes of this subpara-
25 graph if:

26 “(i) The person is a member of the system, or a judge member of the system, on the day imme-
27 diately before July 1, 2003; or

28 “(ii) The person performed any period of service for a participating public employer before July
29 1, 2003, that is credited to the six-month period of employment required of an employee under ORS
30 238.015 before an employee may become a member of the system.

31 “(B) For a member who made contributions before August 21, 1981, the equivalent of a pension
32 computed pursuant to this subsection as it existed immediately before that date.

33 “(c) As used in this subsection, ‘number of years of membership’ means the number of full years
34 of creditable service plus any remaining fraction of a year of creditable service. Except as other-
35 wise provided in this paragraph, in determining a remaining fraction a full month shall be consid-
36 ered as one-twelfth of a year and a major fraction of a month shall be considered as a full month.
37 Membership of a school district employee, an employee of an institution of higher education engaged
38 in teaching or other school activity or an employee of the Department of Human Services, the
39 Oregon Youth Authority, the Department of Corrections or the State Board of Education engaged
40 in teaching or other school activity at an institution supervised by the authority, board or depart-
41 ment, for all portions of a school year in a calendar year in which the district school, institution
42 of higher education or school activity at an institution so supervised in which the member is em-
43 ployed is normally in session shall be considered as a full one-half year of membership. The number
44 of years of membership of a member who received a refund of contributions as provided in ORS
45 237.976 (2) is limited to the number of years after the day before the date on which the refund was

1 received. The number of years of membership of a member who is separated, for any reason other
2 than death or disability, from all service entitling the member to membership in the system, who
3 withdraws the amount credited to the member account of the member in the fund during absence
4 from such service and who thereafter reenters the service of an employer participating in the system
5 but does not repay the amount so withdrawn as provided in this chapter, is limited to the number
6 of years after the day before the date of so reentering.

7 “(3) An additional life pension (nonrefund) for prior service credit, including military service,
8 credited to the member at the time of first becoming a member of the system, as elsewhere provided
9 in this chapter, which pension shall be provided by the contributions of the employer.

10 “**SECTION 14.** ORS 238.305 is amended to read:

11 “238.305. (1) Not later than 60 days after the first benefit payment is made to a retired member
12 of the Public Employees Retirement System, the member may elect to convert the allowance de-
13 scribed by ORS 238.300 as payable after retirement into a service retirement annuity of equivalent
14 actuarial value of one of the optional forms named below. The election of Option 2, 2A, 3 or 3A shall
15 be effective immediately upon the member’s retirement.

16 “Option 1. (a) A life annuity (nonrefund) payable during the member’s life only, which shall be
17 the actuarial equivalent of accumulated contributions by the member **under this chapter** and in-
18 terest thereon credited at the time of retirement (if death occurs before the first payment is due, the
19 member account shall be treated as though death had occurred before retirement); (b) a life pension
20 (nonrefund) provided by the contributions of employers as provided in ORS 238.300 (2) **and, for**
21 **pension benefits that accrue on or after July 1, 2020, amounts in the employee pension sta-**
22 **bility account established for the member under section 3 of this 2019 Act;** (c) an additional
23 nonrefund pension for prior service credit, including military service, credited to the member at the
24 time of first becoming a member of the system, as elsewhere provided in this chapter, which pension
25 shall be provided by the contributions of the employer; or

26 “Option 2. A reduced service retirement allowance payable during the member’s life, with the
27 provision that it continue after death for the life of the beneficiary the member nominates by written
28 designation duly acknowledged and filed with the Public Employees Retirement Board at the time
29 of election, should the beneficiary survive the member; or

30 “Option 2A. A reduced service retirement allowance payable during the member’s life which,
31 unless modified under subsection (6) of this section, continues after death for the life of the benefi-
32 ciary the member nominates by written designation duly acknowledged and filed with the board at
33 the time of election, should the beneficiary survive the member; or

34 “Option 3. A reduced service retirement allowance payable during the member’s life, with the
35 provision that it continue after death at one-half the rate paid to the member and be paid for the
36 life of the beneficiary the member nominates by written designation duly acknowledged and filed
37 with the board at the time of election, should the beneficiary survive the member; or

38 “Option 3A. A reduced service retirement allowance payable during the member’s life which,
39 unless modified under subsection (6) of this section, continues after death at one-half the rate paid
40 to the member and is paid for the life of the beneficiary the member nominates by written desig-
41 nation duly acknowledged and filed with the board at the time of election, should the beneficiary
42 survive the member; or

43 “Option 4. A reduced service retirement allowance payable during the member’s life, with the
44 provisions that if the member dies before a total of 180 monthly payments is made, the remainder
45 of the 180 monthly payments shall be paid monthly to the beneficiary the member nominates by

1 written designation duly acknowledged and filed with the board at any time before the member's
2 death; and that if the member designates no beneficiary to receive the monthly payments or no such
3 beneficiary is able to receive the monthly payments, an amount equal to the actuarial value, on the
4 date of the member's death, of the total of the monthly payments not made to the member shall be
5 paid according to ORS 238.390 for disposal of an amount credited to the member account of a
6 member at the time of death; and that if the beneficiary receiving monthly payments dies before the
7 total number of monthly payments to which the beneficiary is entitled is made, an amount equal to
8 the actuarial value, on the date of the beneficiary's death, of the total of the monthly payments not
9 made to the member and beneficiary shall be paid according to ORS 238.390 for disposal of an
10 amount credited to the member account of a member at the time of death and as if the beneficiary
11 had been a member.

12 “(2) Not later than 60 days after the first benefit payment is made to a retired member of the
13 system, the member may elect, in lieu of the allowance described by ORS 238.300 as payable after
14 retirement, a service retirement benefit consisting of:

15 “(a) A refund of accumulated contributions by the member **under this chapter** and interest
16 thereon credited at the time of refund; and

17 “(b) A life pension (nonrefund) provided by the contributions of employers as provided in ORS
18 237.147 (2) (1979 Replacement Part) **and, for pension benefits that accrue on or after July 1,**
19 **2020, amounts in the employee pension stability account established for the member under**
20 **section 3 of this 2019 Act**, and an additional life pension (nonrefund) for prior service credit as
21 provided in ORS 238.300 (3). At the same time as making the election under this subsection, the
22 member may elect to convert the pensions described by this paragraph into a service retirement
23 annuity of equivalent actuarial value of one of the optional forms named as Option 2, 2A, 3 or 3A
24 under subsection (1) of this section.

25 “(3) Not later than 60 days after the first benefit payment is made to a retired member of the
26 system, the member may elect in lieu of the allowance described by ORS 238.300 a refund service
27 retirement benefit consisting of:

28 “(a) A refund of accumulated contributions by the member **under this chapter** and interest
29 thereon credited at the time of retirement;

30 “(b) An amount that matches the amount of accumulated contributions by the member and in-
31 terest thereon, provided by the contributions of employers **and, for pension benefits that accrue**
32 **on or after July 1, 2020, amounts in the employee pension stability account established for**
33 **the member under section 3 of this 2019 Act**; and

34 “(c) Interest on the amounts described in paragraphs (a) and (b) of this subsection from the ef-
35 fective date of retirement until the amounts are paid.

36 “(4)(a) If the member elects to receive the service retirement benefit described in subsection (2)
37 or (3) of this section, the member shall elect at the same time to receive the refund described in
38 subsection (2)(a) or (3) of this section in one lump sum payment or in more than one but not more
39 than five installment payments. If the member elects installment payments:

40 “(A) The amount to be paid **under subsection (3)(b) of this section** by employer contributions
41 [*under subsection (3)(b) of this section*] **and amounts in the employee pension stability account**
42 **established for the member under section 3 of this 2019 Act** shall be transferred to the indi-
43 vidual account of the member in the Public Employees Retirement Fund as of the effective date of
44 retirement.

45 “(B) The installment payments shall be paid once each year for the number of consecutive years

1 equal to the number of installment payments elected.

2 “(C) The amount of each installment payment shall be designated by the member at the time of
3 making the election, but the last installment payment shall be the unrefunded balance remaining in
4 the member account of the member in the fund.

5 “(D) The member account of the member in the fund shall be maintained until the last install-
6 ment payment is paid. The board shall establish procedures for computing and crediting interest
7 annually on the unrefunded balance of the member account.

8 “(E) A yearly installment payment shall be paid on the anniversary of the date of the first in-
9 stallment payment.

10 “(F) The member is considered to have elected to transfer any balance in the variable account
11 of the member to the regular account of the member.

12 “(G) If the member dies before payment of all installment payments, the unrefunded balance in
13 the member account of the member plus interest to date of disbursement is payable as provided in
14 ORS 238.390 (4).

15 “(b) If a member elects to receive the refund service retirement benefit described in subsection
16 (3) of this section, and does not elect to receive those amounts in installments under the provisions
17 of this subsection, all rights of the member in the system shall terminate upon the payment of the
18 amounts provided for in subsection (3) of this section, except as provided in paragraph (c) of this
19 subsection. If a member elects to receive the refund service retirement benefit described in sub-
20 section (3) of this section, and also elects to receive those amounts in installments under the pro-
21 visions of this subsection, all rights of the member in the system shall terminate upon the making
22 of the first payment, except as provided in paragraph (c) of this subsection.

23 “(c) A member who elects to receive the refund service retirement benefit described in sub-
24 section (3) of this section, and any eligible spouse or dependent of the member, shall continue to be
25 eligible for insurance under ORS 238.410, and for any premium payments the member may be entitled
26 to under ORS 238.415 and 238.420.

27 “(5) The designation of a beneficiary, the election of an option or any other election or desig-
28 nation under subsection (1), (2), (3) or (4) of this section may be changed by the member within 60
29 days after the date of the first benefit payment, except that the designation of a beneficiary under
30 Option 4 may be changed by the member at any time before the member’s death.

31 “(6) If a retired member has elected to receive a service retirement allowance under Option 2A
32 or Option 3A as provided in subsection (1) of this section, and if the beneficiary under that option
33 dies after the expiration of the time within which the member could change the election of an option
34 or if the beneficiary is the spouse of the member and the marriage relationship is terminated as
35 provided by law after the expiration of the time within which the member could change the election
36 of an option, the member may elect to receive, in lieu of the optional form of allowance previously
37 elected, the allowance that the member would have received on the effective date of retirement
38 under Option 1 as provided in subsection (1) of this section and adjusted by the actual amount of
39 any cost-of-living or other post-retirement adjustments made to the original allowance since the ef-
40 fective date of retirement. Notice of election under this subsection must be in a form approved by
41 the board. If an election is made under this subsection, the Option 1 payment amount is applicable
42 to the first full month after the death of the beneficiary, or the first full month after entry of the
43 judgment of divorce, and payable the first day of the month thereafter. If the increased amount is
44 not paid in any month in which the increased amount is due, the board shall make a lump sum
45 payment to the retired member that is equal to the difference between the amount paid to the

1 member for that month and the amount that should have been paid under the provisions of this
2 subsection.

3 “(7) Notwithstanding any other provision of this section, any member of the system who retired
4 before October 3, 1989, and elected to receive a service retirement allowance under either Option
5 2 or 3 as provided in subsection (1) of this section shall be entitled to receive a service retirement
6 allowance equal to that which the member would have received on the effective date of retirement
7 under Option 1 as provided in subsection (1) of this section and adjusted by the actual amount of
8 any cost-of-living or other post-retirement adjustments made to the original allowance since the ef-
9 fective date of retirement if:

10 “(a) The member has attained 80 years of age;

11 “(b) The person designated by the member as the member’s beneficiary has predeceased the
12 member; and

13 “(c) The member gives written notice to the board of the death of the member’s beneficiary.

14 “(8) Notwithstanding any other provision of this section, any member of the system who retired
15 before October 3, 1989, who elected to receive a refund of accumulated employee contributions and
16 a life pension or pensions under subsection (2) of this section, and who elected to convert the life
17 pension or pensions provided for in subsection (2) of this section into a service retirement annuity
18 under Option 2 or 3 under subsection (1) of this section, shall be entitled to receive a life pension
19 or pensions equal to that which the member would have received on the effective date of retirement
20 under subsection (2) of this section and adjusted by the actual amount of any cost-of-living or other
21 post-retirement adjustments made to the original life pension or pensions since the effective date of
22 retirement if:

23 “(a) The member has attained 80 years of age;

24 “(b) The person designated by the member as the member’s beneficiary has predeceased the
25 member; and

26 “(c) The member gives written notice to the board of the death of the member’s beneficiary.

27 “(9) The service retirement allowance provided in subsection (7) or (8) of this section shall be
28 applicable to the first full month after the death of the member’s beneficiary, or the first full month
29 after the member attains 80 years of age, whichever is later.

30 “(10) The board may deny an election to convert a service retirement allowance under this
31 section, a change of beneficiary under this section or a change in benefit options under this section
32 if that denial is required to maintain the status of the system and the Public Employees Retirement
33 Fund as a qualified governmental retirement plan and trust under the Internal Revenue Code and
34 under regulations adopted pursuant to the Internal Revenue Code.

35 “**SECTION 15.** ORS 238.320 is amended to read:

36 “238.320. (1) Whenever an employee who is a member of the **Public Employees Retirement**
37 **System** is found, after being examined by one or more physicians selected by the **Public Employees**
38 **Retirement Board**, to be mentally or physically incapacitated for an extended duration, as deter-
39 mined by medical examination, and thereby unable to perform any work for which qualified, by in-
40 jury or disease sustained while in actual performance of duty and not intentionally self-inflicted, the
41 member shall receive a disability retirement allowance consisting of:

42 “(a) A disability retirement refund annuity based on the contributions **under this chapter**, if
43 any, credited to the member account of the member.

44 “(b) A current service pension provided by the contributions of employers **and, for benefits**
45 **that accrue on or after July 1, 2020, amounts in the employee pension stability account es-**

1 **tablished for the member under section 3 of this 2019 Act**, equal to:

2 “(A) For a police officer or firefighter, the pension to which the member would have been enti-
3 tled if the member had worked continuously until attaining the age of 55, or if the member has at-
4 tained the age of 55, the pension which the member would receive were the member to retire for
5 service, as provided in this chapter.

6 “(B) For a member other than a police officer or firefighter, the pension to which the member
7 would have been entitled if the member had worked continuously until attaining the age of 58, or
8 if the member has attained the age of 58, the pension which the member would receive were the
9 member to retire for service, as provided in this chapter.

10 “(c) The same prior service pension the member would have received had the member worked
11 until normal retirement age.

12 “(2) As used in subsection (1) of this section, ‘injury’ means bodily injury causing the disability
13 directly and independently of all other causes and effected solely through accidental means.

14 “(3) Whenever an employee who is a member of the system and who has been an employee for
15 10 years or more of an employer participating in the system is found, after being examined by one
16 or more physicians selected by the board, to be mentally or physically incapacitated for an extended
17 duration, as determined by medical examination, and thereby unable to perform any work for which
18 qualified, from cause other than injury or disease sustained while in actual performance of duty or
19 intentionally self-inflicted, the member shall receive a disability retirement allowance as provided
20 in subsection (1) of this section.

21 “(4) Payments under a disability retirement allowance provided for in subsection (1) or (3) of this
22 section for the first 90-day period of incapacity shall be withheld until such 90-day period has
23 elapsed.

24 “(5) An inactive member is not eligible for disability benefits referred to in subsection (1) or (3)
25 of this section unless the member applies for such disability benefits within five calendar years after
26 the date of separation from service with a participating public employer if the disability is contin-
27 uous from such separation date or within six months after the date of such separation from service
28 if disability occurs after such separation date.

29 “(6) In computing years of employment for the purpose of subsection (3) of this section, the fol-
30 lowing schedule shall be used: For employment before the employee established membership in the
31 Public Employees Retirement System, a member shall be considered to have been employed for one
32 year for each year of prior service credit allowed, and for any minor fraction of a year of continuous
33 service as certified by the employer for which no prior service credit was granted. After having
34 established membership in the Public Employees Retirement System a member shall be considered
35 to have been employed one year for each 12-month period or major fraction thereof during which
36 time the member received compensation for employment which entitled the member to membership
37 in the system, as evidenced by payroll records. For the purpose of determining a member’s eligibility
38 for disability benefits, no leave of absence after a member ceases to work for any participating em-
39 ployer shall be considered other than accumulated sick leave not in excess of 90 days. The effective
40 date of the disability shall not in any event be determined by the board as prior to the last day for
41 which the disabled member performed services for a participating employer. No benefits may be paid
42 for any month in which the member received salary or sick leave benefits from the participating
43 employer.

44 “(7) For the purposes of subsections (1) and (3) of this section, a member of the system shall be
45 considered to be mentally or physically incapacitated for an extended duration if the mental or

1 physical incapacity can be expected to result in death or has lasted or can be expected to last for
2 a continuous period of not less than 90 days.

3 **“SECTION 16.** ORS 238.325 is amended to read:

4 “238.325. (1) At any time after establishing membership, but before the expiration of 90 days
5 after the Public Employees Retirement Board makes its finding that the employee is disabled, an
6 employee who is a member of the Public Employees Retirement System may elect to convert the
7 disability retirement allowance otherwise payable on the member account of the member into a
8 disability retirement annuity of equivalent actuarial value, by selecting one of the optional forms
9 named below. The election of Option 2, 2A, 3 or 3A shall be effective immediately upon the effective
10 date of the member’s disability, and in the event of death within the first 90-day period of incapacity,
11 payment to the beneficiary of the member shall be made in accordance with the option selected.

12 “Option 1. (a) A life annuity (nonrefund) payable during the member’s life only, which shall be
13 the actuarial equivalent of the accumulated contributions **under this chapter** and interest thereon
14 credited to the member at the time the member retires (if death occurs before the first payment is
15 due, the member account of the member shall be treated as though death had occurred before re-
16 tirement); (b) a life pension (nonrefund) provided by the contributions of employers **and, for benefits**
17 **that accrue on or after July 1, 2020, amounts in the employee pension stability account es-**
18 **tablished for the member under section 3 of this 2019 Act** as provided in ORS 238.320 (1)(b); (c)
19 an additional nonrefund pension for prior service credit, including military service, credited to the
20 member at the time the member first becomes a member of the system, as elsewhere provided in this
21 chapter, which pension shall be provided by the contributions of the employer; or

22 “Option 2. A reduced disability retirement allowance payable during the period of incapacity,
23 with the provision that after death, if death shall occur after the effective date of the disability and
24 during the period of incapacity, it shall continue for the life of the beneficiary whom the member
25 has designated in writing duly acknowledged and filed with the board at the time of election, should
26 the beneficiary survive the member; or

27 “Option 2A. A reduced disability retirement allowance payable during the period of incapacity
28 which, unless modified under subsection (3) of this section, continues after death, if death shall occur
29 after the effective date of the disability and during the period of incapacity, for the life of the ben-
30 efiary whom the member nominates by written designation duly acknowledged and filed with the
31 board at the time of election, should the beneficiary survive the member; or

32 “Option 3. A reduced disability retirement allowance payable during the period of incapacity,
33 with the provision that after death, if death shall occur after the effective date of the disability and
34 during the period of incapacity, such allowance shall continue at one-half the rate paid to the
35 member and be paid for the life of the beneficiary whom the member has designated in writing duly
36 acknowledged and filed with the board at the time of election, should the beneficiary survive the
37 member; or

38 “Option 3A. A reduced disability retirement allowance payable during the period of incapacity
39 which, unless modified under subsection (3) of this section, continues after death, if death shall occur
40 after the effective date of the disability and during the period of incapacity, at one-half the rate paid
41 to the member and is paid for the life of the beneficiary whom the member nominates by written
42 designation duly acknowledged and filed with the board at the time of election, should the benefi-
43 ciary survive the member; or

44 “Option 4. A reduced disability retirement allowance payable during the period of incapacity,
45 with the provisions that if the member dies during the period of incapacity and before a total of 180

1 monthly payments is made, the remainder of the 180 monthly payments shall be paid monthly to the
2 beneficiary the member nominates by written designation duly acknowledged and filed with the
3 board at any time before the member's death; and that if the member designates no beneficiary to
4 receive the monthly payments or no such beneficiary is able to receive the monthly payments, an
5 amount equal to the actuarial value, on the date of the member's death, of the total of the monthly
6 payments not made to the member shall be paid according to ORS 238.390 for disposal of an amount
7 credited to the member account of a member at the time of death; and that if the beneficiary re-
8 ceiving monthly payments dies before the total number of monthly payments to which the benefi-
9 ciary is entitled is made, an amount equal to the actuarial value, on the date of the beneficiary's
10 death, of the total of the monthly payments not made to the member and beneficiary shall be paid
11 according to ORS 238.390 for disposal of an amount credited to the member account of a member
12 at the time of death and as if the beneficiary had been a member.

13 “(2) The beneficiary designated by a member to receive any benefit under this section shall be
14 the same as designated under ORS 238.390 (1). The designation of a beneficiary or the election of
15 an option may be changed by a member within 60 days after the date of the first benefit payment,
16 except that the designation of a beneficiary under Option 4 may be changed by the member at any
17 time before the member's death.

18 “(3) If a retired member has elected to receive a disability retirement allowance under Option
19 2A or Option 3A as provided in subsection (1) of this section, and if the beneficiary under that op-
20 tion dies after the expiration of the time within which the member could change the election of an
21 option or if the beneficiary is the spouse of the member and the marriage relationship is terminated
22 as provided by law after the expiration of the time within which the member could change the
23 election of an option, the member may elect to receive, in lieu of the optional form of allowance
24 previously elected, the allowance that the member would have received on the effective date of re-
25 tirement under Option 1 as provided in subsection (1) of this section and adjusted by the actual
26 amount of any cost-of-living or other post-retirement adjustments made to the original allowance
27 since the effective date of retirement. Notice of election under this subsection must be in a form
28 approved by the board. If an election is made under this subsection, the Option 1 payment amount
29 is applicable to the first full month after the death of the beneficiary, or the first full month after
30 entry of the judgment of divorce, and payable the first day of the month thereafter. If the increased
31 amount is not paid in any month in which the increased amount is due, the board shall make a lump
32 sum payment to the retired member that is equal to the difference between the amount paid to the
33 member for that month and the amount that should have been paid under the provisions of this
34 subsection.

35 “(4) The cost to the system of a disability retirement allowance in any optional form may not
36 exceed the cost to the system of a nonrefund disability retirement allowance payable to, and on
37 account of, the member making such election.

38 “(5) The obligation for payment of any benefit in force prior to April 8, 1953, may not be altered
39 by subsections (1) to (4) of this section. However, the beneficiary of a retired member who prior to
40 July 1, 1953, elected an option but died prior to the effective date of such election, shall have a right
41 to repay, before December 31, 1953, the amount of the lump sum refund made in lieu of the monthly
42 life benefit elected and receive payment of such benefit, computed as of the date of the member's
43 death and payable from such date.

44 “(6) If a member who would have qualified for disability benefits makes preliminary application
45 for such benefits but dies prior to being found by the board to be disabled or prior to electing a plan

1 of benefit payments, and the records of the board indicate that the member had designated the sur-
2 viving spouse as beneficiary under ORS 238.390 (1), such surviving spouse may, not more than 90
3 days after the board makes its finding that the member would have qualified for disability benefits
4 if living:

5 “(a) Elect to receive the amount referred to in ORS 238.395 if such benefit would have been
6 available if the member had not applied for disability benefits;

7 “(b) If not eligible for benefits under ORS 238.395, elect to receive benefits under ORS 238.390
8 (1); or

9 “(c) Elect Option 2 or 3 under subsection (1) of this section and designate the surviving spouse
10 as beneficiary thereunder with the same force and effect as if the election and designation had been
11 properly made by the deceased member.

12 “(7) The board may deny an election to convert a disability retirement allowance under this
13 section, a change of beneficiary under this section or a change in benefit options under this section
14 if that denial is required to maintain the status of the system and the Public Employees Retirement
15 Fund as a qualified governmental retirement plan and trust under the Internal Revenue Code and
16 under regulations adopted pursuant to the Internal Revenue Code.

17 “**SECTION 17.** ORS 238.395 is amended to read:

18 “238.395. (1) In addition to any other benefits under this chapter, a death benefit, provided by
19 contributions of the public employer under ORS 238.225 **and, for benefits that accrue on or after**
20 **July 1, 2020, amounts in the employee pension stability account established for the member**
21 **under section 3 of this 2019 Act**, shall be paid to the beneficiaries designated under ORS 238.390
22 (1) of a person who is an active or inactive member of the system and who dies as a result of inju-
23 ries received while employed in the service of the public employer or within 120 days after termi-
24 nation from service with a participating public employer. A member who is on a leave of absence
25 without pay from employment with a participating public employer has not terminated service with
26 that participating public employer for the purposes of this section.

27 “(2) The death benefit referred to in subsection (1) of this section shall be an amount equal to
28 the amount in the member account of the deceased member at the time of death.

29 “(3) In the event that a beneficiary has not been named as provided in subsection (1) of this
30 section and ORS 238.390 (1), the death benefit referred to in subsection (1) of this section shall be
31 paid in the manner provided for payment of money credited to the member account of the member
32 in ORS 238.390 (2).

33 “(4) The beneficiary designated under subsection (1) of this section and ORS 238.390 (1) may
34 elect to receive the amount payable in actuarially determined monthly payments for the life of such
35 beneficiary as long as such monthly payments, plus the monthly amount if elected under ORS 238.390
36 (3), are at least \$200.

37 “(5) Interest upon the death benefit provided by this section shall accrue until the date that the
38 benefit is distributed. The board shall establish procedures for computing interest to be credited on
39 the benefit for the period between the date of death and date of distribution.

40 “(6) Payment by the Public Employees Retirement Board of additional death benefits in the
41 manner provided by this section completely discharges the board and system on account of the
42 death, and shall hold the board and system harmless from any claim for wrongful payment.

43 “**SECTION 18.** ORS 243.800 is amended to read:

44 “243.800. (1) Notwithstanding any provision of ORS chapter 238 or 238A or ORS 243.910 to
45 243.945, the governing board of a public university listed in ORS 352.002 shall establish and admin-

1 ister an Optional Retirement Plan for administrative and academic employees of the public univer-
2 sity. The Optional Retirement Plan must be a qualified plan under the Internal Revenue Code,
3 capable of accepting funds transferred under subsection (7) of this section without the transfer being
4 treated as a taxable event under the Internal Revenue Code, and willing to accept those funds. Re-
5 tirement and death benefits shall be provided under the plan by the purchase of annuity contracts,
6 fixed or variable or a combination thereof, or by contracts for investments in mutual funds.

7 “(2) An administrative or academic employee who is eligible to remain or become a member of
8 the Public Employees Retirement System may elect to participate in the Optional Retirement Plan
9 upon completion of:

10 “(a) Six hundred hours of employment, or the equivalent as determined by the governing board;
11 and

12 “(b) Six months of employment that is not interrupted by more than 30 consecutive working
13 days.

14 “(3) An administrative or academic employee who is eligible to remain or become a member of
15 the Public Employees Retirement System, including an administrative or academic employee who
16 previously participated in the Optional Retirement Plan because of employment in a position clas-
17 sified as a post-doctoral scholar position under ORS 350.370, may make an irrevocable election to
18 participate in the Optional Retirement Plan within six months after being employed. An election
19 under this subsection is effective on the first day of the month following the completion of the re-
20 quirements of subsection (2) of this section.

21 “(4) An administrative or academic employee who is eligible to remain or become a member of
22 the Public Employees Retirement System and who does not elect to participate in the Optional Re-
23 tirement Plan:

24 “(a) Remains or becomes a member of the Public Employees Retirement System in accordance
25 with ORS chapters 238 and 238A; or

26 “(b) Continues to be assisted by the governing board under ORS 243.920 if the employee is being
27 so assisted.

28 “(5) Except as provided in subsection (6) of this section, employees who elect to participate in
29 the Optional Retirement Plan are ineligible for active membership in the Public Employees Retire-
30 ment System or for any assistance by the governing board under ORS 243.920 as long as those em-
31 ployees are employed in the public university and the plan is in effect.

32 “(6)(a) An administrative or academic employee who elects to participate in the Optional Re-
33 tirement Plan, who has creditable service under ORS chapter 238 as defined by ORS 238.005 and
34 who is not vested shall be considered by the Public Employees Retirement Board to be a terminated
35 member under the provisions of ORS 238.095 as of the effective date of the election, and the
36 [amount] **amounts** credited to the member [account] **accounts** of the member **established under**
37 **ORS 238.250, 238.260 and 238A.350 and section 3 of this 2019 Act** shall be transferred directly to
38 the Optional Retirement Plan by the Public Employees Retirement Board in the manner provided
39 by subsection (7) of this section.

40 “(b) An administrative or academic employee who elects to participate in the Optional Retire-
41 ment Plan, who has creditable service under ORS chapter 238 as defined by ORS 238.005 and who
42 is vested shall be considered to be an inactive member by the Public Employees Retirement Board
43 and shall retain all the rights, privileges and options under ORS chapter 238 unless the employee
44 makes a written request to the Public Employees Retirement Board for a transfer of the amounts
45 credited to the member [account] **accounts** of the member **established under ORS 238.250, 238.260**

1 **and 238A.350 and section 3 of this 2019 Act** to the Optional Retirement Plan. A request for a
2 transfer must be made at the time the member elects to participate in the Optional Retirement Plan.
3 Upon receiving the request, the Public Employees Retirement Board shall transfer all amounts
4 credited to the member *[account]* **accounts** of the member **established under ORS 238.250, 238.260**
5 **and 238A.350 and section 3 of this 2019 Act** directly to the Optional Retirement Plan **in the**
6 **manner provided by subsection (7) of this section**, and shall terminate all rights, privileges and
7 options of the employee under *[ORS chapter 238]* **the Public Employees Retirement System**.

8 “(c) *[An administrative or academic employee who elects to participate in the Optional Retirement*
9 *Plan, and who is not a vested member of the pension program of the Oregon Public Service Retirement*
10 *Plan as described in ORS 238A.115]* **An administrative or academic employee who elects to**
11 **participate in the Optional Retirement Plan and who is a member of the pension program**
12 **of the Oregon Public Service Retirement Plan as described in ORS 238A.100 on the date that**
13 **the election becomes effective, but who has not vested in the program under ORS 238A.115**
14 on the date that the election becomes effective, shall be considered to be a terminated member of
15 the *[pension program]* **Public Employees Retirement System** by the Public Employees Retirement
16 Board as of the effective date of the election. **The board shall transfer the amounts credited to**
17 **the member accounts of the member established under ORS 238A.350 and section 3 of this**
18 **2019 Act directly to the Optional Retirement Plan in the manner provided by subsection (7)**
19 **of this section.**

20 “(d) An administrative or academic employee who elects to participate in the Optional Retirement
21 Plan, and who is a vested member of the pension program of the Oregon Public Service Retirement
22 Plan as described in ORS 238A.115 on the date that the election becomes effective, shall
23 be considered an inactive member of the pension program by the Public Employees Retirement
24 Board as of the effective date of the election. *[An employee]* **A member** who is subject to the provisions
25 of this paragraph retains all the rights, privileges and options of an inactive member of the
26 pension program. *[If the actuarial equivalent of the employee’s benefit under the pension program at*
27 *the time that the election becomes effective is \$5,000 or less, the employee may make], unless the*
28 **member makes** a written request to the Public Employees Retirement Board for a transfer of the
29 *[employee’s interest under the pension program]* **amounts credited to the member accounts of the**
30 **member established under ORS 238A.350 and section 3 of this 2019 Act** to the Optional Retirement
31 Plan. The request must be made at the time the member elects to participate in the Optional
32 Retirement Plan. Upon receiving the request, the Public Employees Retirement Board shall transfer
33 the *[amount determined to be the actuarial equivalent of the employee’s benefit under the pension pro-*
34 *gram]* **amounts credited to the member accounts of the member established under ORS**
35 **238A.350 and section 3 of this 2019 Act** directly to the Optional Retirement Plan **in the manner**
36 **provided by subsection (7) of this section**, and shall terminate the membership of the employee
37 in the *[pension program]* **Public Employees Retirement System**.

38 “[e) *An administrative or academic employee who elects to participate in the Optional Retirement*
39 *Plan, and who is a vested member of the individual account program of the Oregon Public Service*
40 *Retirement Plan as described in ORS 238A.320 on the date that the election becomes effective, shall*
41 *be considered an inactive member of the individual account program by the Public Employees Retirement*
42 *Board as of the effective date of the election. An employee who is subject to the provisions of this*
43 *paragraph retains all the rights, privileges and options of an inactive member of the individual account*
44 *program. An administrative or academic employee who elects to participate in the Optional Retirement*
45 *Plan, and who is a member of the individual account program of the Oregon Public Service Retirement*

1 *Plan, may make a written request to the Public Employees Retirement Board that all amounts in the*
2 *member's employee account, rollover account and employer account, to the extent the member is vested*
3 *in those accounts under ORS 238A.320, be transferred to the Optional Retirement Plan. The request*
4 *must be made at the time the member elects to participate in the Optional Retirement Plan. Upon re-*
5 *ceiving the request, the Public Employees Retirement Board shall transfer the amounts directly to the*
6 *Optional Retirement Plan, and shall terminate the membership of the employee in the individual ac-*
7 *count program upon making the transfer.]*

8 “[~~(f)~~] **(e)** Notwithstanding paragraphs [(*b*), (*d*) and (*e*)] **(b) and (d)** of this subsection, the Public
9 Employees Retirement Board may not treat any employee as an inactive member under the pro-
10 visions of this subsection for the purpose of receiving any benefit under ORS chapter 238 or 238A
11 that requires that the employee be separated from all service with participating public employers
12 and with employers who are treated as part of a participating public employer’s controlled group
13 under the federal laws and rules governing the status of the Public Employees Retirement System
14 and the Public Employees Retirement Fund as a qualified governmental retirement plan and trust.

15 “(7) Any amounts transferred from the Public Employees Retirement Fund under subsection (6)
16 of this section shall be transferred directly to the Optional Retirement Plan by the Public Employees
17 Retirement Board and may not be made available to the employee.

18 “(8) An employee participating in the Optional Retirement Plan who was hired before July 1,
19 2014, shall contribute monthly an amount equal to the percentage of the employee’s salary that the
20 employee would otherwise have contributed as an employee contribution to the Public Employees
21 Retirement System if the employee had not elected to participate in the Optional Retirement Plan.

22 “(9) For an employee participating in the Optional Retirement Plan who was hired before July
23 1, 2014, the governing board shall contribute monthly to the Optional Retirement Plan the percent-
24 age of salary of the employee equal to the percentage of salary that would otherwise have been
25 contributed as an employer contribution on behalf of the employee to the Public Employees Retire-
26 ment System, before any offset under ORS 238.229 (2), if the employee had not elected to participate
27 in the Optional Retirement Plan.

28 “(10) For an employee participating in the Optional Retirement Plan who was hired on or after
29 July 1, 2014, the governing board shall contribute monthly to the Optional Retirement Plan:

30 “(a) Eight percent of the employee’s salary; and

31 “(b) A percentage of the employee’s salary equal to the percentage of salary contributed by the
32 employee to the public university’s Tax-Deferred Investment 403(b) Plan under ORS 243.820, up to
33 four percent of the employee’s salary in each pay period.

34 “(11)(a) Unless otherwise prohibited by law, a person employed in a position classified as a
35 post-doctoral scholar position under ORS 350.370 is an academic employee under subsection (1) of
36 this section and becomes a participant in the Optional Retirement Plan when the person participates
37 in the public university’s Tax-Deferred Investment 403(b) Plan under ORS 243.820.

38 “(b) Participation in the Optional Retirement Plan under this subsection becomes effective on
39 the first day of the month following the later of:

40 “(A) Enrollment in the public university’s Tax-Deferred Investment 403(b) Plan under ORS
41 243.820; or

42 “(B) Completion of:

43 “(i) Six hundred hours of employment, or the equivalent as determined by the governing board;
44 and

45 “(ii) Six months of employment that is not interrupted by more than 30 consecutive working

1 days.

2 “(c) For a post-doctoral scholar participating in the Optional Retirement Plan, the governing
3 board shall contribute monthly to the Optional Retirement Plan a percentage of the post-doctoral
4 scholar’s salary equal to the percentage of salary contributed by the post-doctoral scholar to the
5 public university’s Tax-Deferred Investment 403(b) Plan under ORS 243.820, up to four percent of the
6 post-doctoral scholar’s salary in each pay period.

7 “(d) A post-doctoral scholar is an academic employee who elects to participate in the Optional
8 Retirement Plan for purposes of subsection (6) of this section.

9 “(e) Subsections (8) to (10) of this section do not apply to a post-doctoral scholar participating
10 in the Optional Retirement Plan.

11 “(12) Both employee and employer contributions to an Optional Retirement Plan shall be remit-
12 ted directly to the companies that have issued annuity contracts to the participating employees or
13 directly to the mutual funds.

14 “(13) Benefits under the Optional Retirement Plan are payable to employees who elect to par-
15 ticipate in the plan and their beneficiaries by the selected annuity provider or mutual fund in ac-
16 cordance with the terms of the annuity contracts or the terms of the contract with the mutual fund.
17 Employees electing to participate in the Optional Retirement Plan agree that benefits payable under
18 the plan are not obligations of the State of Oregon or of the Public Employees Retirement System.

19 “**SECTION 19.** ORS 341.551 is amended to read:

20 “341.551. (1) Notwithstanding any provision of ORS chapter 238 or 238A, the Office of Commu-
21 nity Colleges and Workforce Development may establish and administer an optional retirement plan
22 for administrative employees of community college districts who are eligible for membership in the
23 Public Employees Retirement System. Any community college district may participate in the plan
24 by giving written notice to the office.

25 “(2) An administrative employee may make an election to participate in the optional retirement
26 plan if the community college district that employs the employee is participating in the plan. The
27 election must be made in the following manner:

28 “(a) An administrative employee who is an active member of the Public Employees Retirement
29 System may make an election to participate in the plan within 180 days after the community college
30 district commences participation in the plan, effective on the first day of the month following the
31 election.

32 “(b) An administrative employee who is hired after the community college district commences
33 participation in the plan may make an election to participate in the plan within the first six months
34 of employment, effective on the first day of the month following six full months of employment.

35 “(3) An administrative employee who does not elect to participate in the optional retirement
36 plan remains or becomes a member of the Public Employees Retirement System in accordance with
37 ORS chapters 238 and 238A.

38 “(4) An administrative employee may elect to participate in the optional retirement plan only
39 if at the time the election becomes effective the employee is not concurrently employed in a position
40 with any participating public employer other than the community college district in a position that
41 entitles the employee to membership in the Public Employees Retirement System. Except as pro-
42 vided in subsection (9) of this section, employees who elect to participate in the optional retirement
43 plan are ineligible for active membership in the Public Employees Retirement System for as long as
44 those employees are employed by a community college district that participates in the plan, whether
45 by reason of employment by the district or any other participating public employer.

1 “(5)(a) An administrative employee who elects to participate in the optional retirement plan,
2 who has creditable service under ORS chapter 238 as defined by ORS 238.005 and who is not vested
3 shall be considered by the Public Employees Retirement Board to be a terminated member under the
4 provisions of ORS 238.095 as of the effective date of the election, and the [amount] **amounts** credited
5 to the member [account] **accounts** of the member **established under ORS 238.250, 238.260 and**
6 **238A.350 and section 3 of this 2019 Act** shall be transferred directly to the optional retirement
7 plan by the Public Employees Retirement Board in the manner provided by subsection (6) of this
8 section.

9 “(b) An administrative employee who elects to participate in the optional retirement plan, who
10 has creditable service under ORS chapter 238 as defined by ORS 238.005 and who is vested shall
11 be considered to be an inactive member by the Public Employees Retirement Board and shall retain
12 all the rights, privileges and options under ORS chapter 238 unless the employee makes a written
13 request to the Public Employees Retirement Board for a transfer of the amounts credited to the
14 member [account] **accounts** of the member **established under ORS 238.250, 238.260 and 238A.350**
15 **and section 3 of this 2019 Act** to the optional retirement plan. A request for a transfer must be
16 made at the time the member elects to participate in the optional retirement plan. Upon receiving
17 the request, the Public Employees Retirement Board shall transfer all amounts credited to the
18 member [account] **accounts** of the member **established under ORS 238.250, 238.260 and 238A.350**
19 **and section 3 of this 2019 Act** directly to the optional retirement plan **in the manner provided**
20 **by subsection (6) of this section** and shall terminate all rights, privileges and options of the em-
21 ployee under [ORS chapter 238] **the Public Employees Retirement System**.

22 “(c) *[An administrative employee who elects to participate in the optional retirement plan and who*
23 *is not a vested member of the pension program of the Oregon Public Service Retirement Plan as de-*
24 *scribed in ORS 238A.115]* **An administrative employee who elects to participate in the optional**
25 **retirement plan and who is a member of the pension program of the Oregon Public Service**
26 **Retirement Plan as described in ORS 238A.100 on the date that the election becomes effec-**
27 **tive, but who has not vested in the program under ORS 238A.115** on the date that the election
28 becomes effective, shall be considered to be a terminated member of the [pension program] **Public**
29 **Employees Retirement System** by the Public Employees Retirement Board as of the effective date
30 of the election. **The board shall transfer the amounts credited to the member accounts of the**
31 **member established under ORS 238A.350 and section 3 of this 2019 Act directly to the op-**
32 **tional retirement plan in the manner provided by subsection (6) of this section.**

33 “(d) An administrative employee who elects to participate in the optional retirement plan and
34 who is a vested member of the pension program of the Oregon Public Service Retirement Plan as
35 described in ORS 238A.115 on the date that the election becomes effective shall be considered an
36 inactive member of the pension program by the Public Employees Retirement Board as of the ef-
37 fective date of the election. *[An employee]* **A member** who is subject to the provisions of this par-
38 agraph retains all the rights, privileges and options of an inactive member of the pension
39 program. *If the actuarial equivalent of the employee’s benefit under the pension program at the time*
40 *that the election becomes effective is \$5,000 or less, the employee may make], unless the member*
41 **makes** a written request to the Public Employees Retirement Board for a transfer of the [employee’s
42 *interest under the pension program]* **amounts credited to the member accounts of the member**
43 **established under ORS 238A.350 and section 3 of this 2019 Act** to the optional retirement plan.
44 The request must be made at the time the member elects to participate in the optional retirement
45 plan. Upon receiving the request, the Public Employees Retirement Board shall transfer the [amount

1 *determined to be the actuarial equivalent of the employee's benefit under the pension program]*
2 **amounts credited to the member accounts of the member established under ORS 238A.350**
3 **and section 3 of this 2019 Act** directly to the optional retirement plan **in the manner provided**
4 **by subsection (6) of this section** and shall terminate the membership of the employee in the [*pen-*
5 *sion program]* **Public Employees Retirement System.**

6 *“(e) An administrative employee who elects to participate in the optional retirement plan and who*
7 *is a vested member of the individual account program of the Oregon Public Service Retirement Plan*
8 *as described in ORS 238A.320 on the date that the election becomes effective shall be considered an*
9 *inactive member of the individual account program by the Public Employees Retirement Board as of*
10 *the effective date of the election. An employee who is subject to the provisions of this paragraph retains*
11 *all the rights, privileges and options of an inactive member of the individual account program. An*
12 *administrative employee who elects to participate in the optional retirement plan and who is a member*
13 *of the individual account program of the Oregon Public Service Retirement Plan may make a written*
14 *request to the Public Employees Retirement Board that all amounts in the member's employee account,*
15 *rollover account and employer account, to the extent the member is vested in those accounts under ORS*
16 *238A.320, be transferred to the optional retirement plan. The request must be made at the time the*
17 *member elects to participate in the optional retirement plan. Upon receiving the request, the Public*
18 *Employees Retirement Board shall transfer the amounts directly to the optional retirement plan and*
19 *shall terminate the membership of the employee in the individual account program.]*

20 *“[(f)] (e) Notwithstanding paragraphs [(b), (d) and (e)] (b) and (d) of this subsection, the Public*
21 *Employees Retirement Board shall not treat any employee as an inactive member under the pro-*
22 *visions of this subsection for the purpose of receiving any benefit under ORS chapter 238 or 238A*
23 *that requires that the employee be separated from all service with participating public employers*
24 *and with employers who are treated as part of a participating public employer's controlled group*
25 *under the federal laws and rules governing the status of the Public Employees Retirement System*
26 *and the Public Employees Retirement Fund as a qualified governmental retirement plan and trust.*

27 *“(6) Any amounts transferred from the Public Employees Retirement Fund under subsection (5)*
28 *of this section shall be transferred directly to the optional retirement plan by the Public Employees*
29 *Retirement Board and shall not be made available to the employee.*

30 *“(7) An employee participating in the optional retirement plan shall contribute monthly an*
31 *amount equal to the percentage of the employee's salary that the employee would otherwise have*
32 *contributed as an employee contribution to the Public Employees Retirement System if the employee*
33 *had not elected to participate in the optional retirement plan.*

34 *“(8) A participating community college district shall contribute monthly to the optional retire-*
35 *ment plan the percentage of salary for each employee participating in the plan that is equal to the*
36 *percentage of salary that is required to be made as the employer contribution under ORS 238A.220,*
37 *less any contributions made by reason of unfunded liabilities. The district may make contributions*
38 *under this subsection only during periods of time in which the employee would be eligible for*
39 *membership in the Public Employees Retirement System if the employee had not elected to partic-*
40 *ipate in the optional retirement plan.*

41 *“(9) An administrative employee who elects to participate in the optional retirement plan may*
42 *make an election to withdraw from the plan. An employee may make an election under this sub-*
43 *section only once. Upon withdrawing from the plan:*

44 *“(a) All contributions made to the plan before the effective date of the withdrawal remain*
45 *credited to the employee;*

1 “(b) The employee becomes a member of the Public Employees Retirement System under ORS
2 chapter 238A if the member meets all requirements for membership under ORS chapter 238A; and

3 “(c) The employee is barred from ever again electing to participate in the optional retirement
4 plan.

5 “(10) For the purposes of this section, ‘administrative employee’ means a president, vice presi-
6 dent or dean, or a person holding a position that is the equivalent of a president, vice president or
7 dean.

8
9 **“SIDE ACCOUNTS**

10
11 **“SECTION 20.** Section 3b, chapter 105, Oregon Laws 2018, is amended to read:

12 **“Sec. 3b. (1)** If a participating public employer makes a lump sum payment from moneys not
13 borrowed by the employer to an account established under ORS 238.229 in an amount equal to or
14 greater than \$10 million, the Public Employees Retirement Board shall allow the participating public
15 employer to choose an amortization period of six years, 10 years, 16 years or 20 years for the use
16 of the lump sum payment to offset contributions to the system that the public employer would oth-
17 erwise be required to make for the liabilities against which the lump sum payment is applied.

18 **“(2)(a) The board shall allow a participating public employer making a lump sum payment**
19 **under this section to choose the year in which to begin to use the lump sum payment to**
20 **offset contributions to the system that the public employer would otherwise be required to**
21 **make for the liabilities against which the lump sum payment is applied. The board shall begin**
22 **using the lump sum payment on July 1 of the year chosen under this subsection, with the**
23 **beginning contribution offset rate based on the actuarial report under ORS 238.605 most re-**
24 **cently published as of the date chosen by the public employer.**

25 **“(b) Notwithstanding paragraph (a) of this subsection, the board may, after consultation**
26 **with the participating public employer, begin using a lump sum payment to offset contribu-**
27 **tions in an earlier year than the year chosen by the public employer under this section to**
28 **ensure that the period for using the lump sum payment, including earnings accrued, will end**
29 **no later than 20 years after the date of the actuarial report under ORS 238.605 for the year**
30 **the lump sum payment is made.**

31 **“(c) A lump sum payment for which a participating public employer chooses when to**
32 **begin to use the lump sum payment to offset contributions under this subsection is not a**
33 **qualifying lump sum payment for purposes of section 2, chapter 105, Oregon Laws 2018.**

34 **“(d) In lieu of the expenses authorized under ORS 238.229 (3), the board may charge a**
35 **participating public employer expenses for administration of an account as provided by this**
36 **subsection in an amount established by the board by rule.**

37 **“SECTION 21.** Section 3b, chapter 105, Oregon Laws 2018, as amended by section 20 of this
38 2019 Act, is amended to read:

39 **“Sec. 3b. [(1)]** If a participating public employer makes a lump sum payment from moneys not
40 borrowed by the employer to an account established under ORS 238.229 in an amount equal to or
41 greater than \$10 million, the Public Employees Retirement Board shall allow the participating public
42 employer to choose an amortization period of six years, 10 years, 16 years or 20 years for the use
43 of the lump sum payment to offset contributions to the system that the public employer would oth-
44 erwise be required to make for the liabilities against which the lump sum payment is applied.

45 **“[(2)(a) The board shall allow a participating public employer making a lump sum payment under**

1 *this section to choose the year in which to begin to use the lump sum payment to offset contributions*
2 *to the system that the public employer would otherwise be required to make for the liabilities against*
3 *which the lump sum payment is applied. The board shall begin using the lump sum payment on July*
4 *1 of the year chosen under this subsection, with the beginning contribution offset rate based on the*
5 *actuarial report under ORS 238.605 most recently published as of the date chosen by the public em-*
6 *ployer.]*

7 *“(b) Notwithstanding paragraph (a) of this subsection, the board may, after consultation with the*
8 *participating public employer, begin using a lump sum payment to offset contributions in an earlier*
9 *year than the year chosen by the public employer under this section to ensure that the period for using*
10 *the lump sum payment, including earnings accrued, will end no later than 20 years after the date of*
11 *the actuarial report under ORS 238.605 for the year the lump sum payment is made.]*

12 *“(c) A lump sum payment for which a participating public employer chooses when to begin to use*
13 *the lump sum payment to offset contributions under this subsection is not a qualifying lump sum pay-*
14 *ment for purposes of section 2, chapter 105, Oregon Laws 2018.]*

15 *“(d) In lieu of the expenses authorized under ORS 238.229 (3), the board may charge a partic-*
16 *ipating public employer expenses for administration of an account as provided by this subsection in an*
17 *amount established by the board by rule.]*

18
19 **“PENSION OBLIGATION BONDS**

20
21 **“SECTION 22. Section 23 of this 2019 Act is added to and made a part of ORS 238.692 to**
22 **238.698.**

23 **“SECTION 23. (1) Before a public body, or an intergovernmental entity formed pursuant**
24 **to ORS 238.695, may authorize the issuance of bonds under ORS 238.694, the public body or**
25 **intergovernmental entity must first:**

26 **“(a) Obtain a statistically based assessment from an independent economic or financial**
27 **consulting firm regarding the likelihood that investment returns on bond proceeds will ex-**
28 **ceed the interest cost of the bonds under various market conditions; and**

29 **“(b) Make a report available to the general public that:**

30 **“(A) Describes the results of the assessment; and**

31 **“(B) Discloses whether the public body or intergovernmental entity has retained the**
32 **services of an independent SEC-registered advisor.**

33 **“(2) The public body or intergovernmental entity shall transmit the assessment to the**
34 **State Treasurer at least 30 days before issuing the bonds.**

35 **“(3) The State Treasurer shall provide to the State Debt Policy Advisory Commission an**
36 **annual report on bonds issued under ORS 238.694. The report must describe each bond issu-**
37 **ance under ORS 238.694 that took place on or after the effective date of this 2019 Act and**
38 **that remains outstanding, including, for each issuance:**

39 **“(a) The actual interest rate owed over the term of the bonds;**

40 **“(b) The projected rate of return on the bond proceeds, as determined by the assessment**
41 **required under subsection (1) of this section; and**

42 **“(c) The actual rate of return on the bond proceeds in the previous fiscal year and the**
43 **cumulative rate of return on the bond proceeds.**

44 **“(4) As used in this section, ‘independent SEC-registered advisor’ has the meaning given**
45 **the term ‘independent registered municipal advisor’ in 17 C.F.R. 240.15Ba1-1, as amended.**

1 “**SECTION 24.** ORS 238.694 is amended to read:

2 “238.694. (1) The Legislative Assembly finds that authorizing issuance of revenue bonds to fi-
3 nance pension liabilities may reduce the cost of public pensions to taxpayers and that the reduction
4 of those costs to taxpayers is a matter of statewide concern.

5 “(2) Notwithstanding the limitation on indebtedness in ORS 287A.105 or any other limitation on
6 indebtedness or borrowing under state or local law, for the purpose of obtaining funds to pay the
7 pension liability of a public body, the governing body of a public body may authorize and cause the
8 issuance of revenue bonds under ORS chapter 287A, **subject to section 23 of this 2019 Act.**

9 “(3) The governing body of a public body may pledge the full faith and credit and taxing power
10 of the public body to the payment of the principal and interest on bonds issued under ORS 238.692
11 to 238.698, and any premium on those bonds.

12 “(4) Unless the charter of a county provides a lower limit, a county may issue revenue bonds
13 to finance pension liabilities in an amount that does not exceed five percent of the real market value
14 of the taxable property within the boundaries of the county.

15 “(5) Revenue bonds authorized under this section need not comply with the procedure specified
16 in ORS 287A.150.

17 “(6) A public body that issues revenue bonds under this section may also issue revenue bonds
18 for the purpose of refunding the bonds.

19 “(7) A public body may enter into indentures or other agreements with trustees or escrow
20 agents for the issuance, administration or payment of bonds authorized under this section.

21 “**SECTION 25.** ORS 238.695 is amended to read:

22 “238.695. (1) Public bodies may enter into intergovernmental agreements for the collective issu-
23 ance, administration or payment of bonds authorized under ORS 238.694. An agreement for collective
24 issuance, administration or payment of bonds under this subsection may provide for the contribution
25 and pooling of the assets of the public bodies as security for the bonds, and may make provisions
26 for such other matters as the public bodies determine convenient. Notwithstanding ORS 190.080,
27 any intergovernmental entity created by public bodies under this section shall have the power to
28 issue bonds as described in ORS 238.694, **subject to section 23 of this 2019 Act.** The bonds may
29 be issued and sold as parity bonds, issued and sold individually or issued and sold in such combi-
30 nations or forms as determined to be appropriate by the public bodies.

31 “(2) Proceeds of bonds sold under an intergovernmental agreement entered into under this sec-
32 tion, and any other funds or assets of a public body, together with interest or earnings on the pro-
33 ceeds, funds and assets, may be consolidated into one or more funds or accounts and may be pledged
34 to the holders of the bonds.

35 “(3) Public bodies may enter into indentures or other agreements with trustees or escrow agents
36 for the issuance, administration or payment of bonds pursuant to an intergovernmental agreement
37 entered into under this section.

38 “(4) The State Treasurer may cooperate with, assist and provide recommendations to public
39 bodies, and any intergovernmental entity created by public bodies under this section, relating to all
40 matters involved in the issuance, administration and payment of bonds. Any expenses incurred by
41 the State Treasurer in providing assistance to public bodies under this section may be paid as an
42 administrative expense of the public body from the proceeds of the bonds issued with the assistance
43 of the State Treasurer.

44 “**SECTION 26.** ORS 238.698 is amended to read:

45 “238.698. (1) A public body, or a group of public bodies that enter into an intergovernmental

1 agreement under ORS 238.695, that receives funds from any state agency may enter into a funds
2 diversion agreement with the state agency for the purpose of paying the principal and interest on
3 bonds issued under ORS 238.692 to 238.698, and any premium on those bonds. A diversion agreement
4 entered into under this section must provide that:

5 “(a) Moneys payable to the public body or group of public bodies by the state agency from ap-
6 propriations from the General Fund or any other source of moneys will be paid directly to a debt
7 service trust fund established under ORS 238.696 in amounts equal to the debt service owed by the
8 public body or group of public bodies;

9 “(b) The state agency must pay the amounts required under the funds diversion agreement to
10 the debt service trust fund established under ORS 238.696 pursuant to the schedule specified in the
11 agreement before paying any other amounts to the public body or group of public bodies;

12 “(c) The agreement is irrevocable; and

13 “(d) The agreement will remain in effect until all the bonds issued by the public body or under
14 the intergovernmental agreement are mature or redeemed.

15 “(2) **A school district, education service district or public charter school may not enter
16 into a funds diversion agreement to divert more than the amount of funds received by the
17 district or public charter school from the State School Fund.**

18 “[2] (3) If for any reason a state agency that has entered into a funds diversion agreement is
19 not able to pay moneys to a debt service trust fund as contemplated by the agreement, the state
20 agency shall give notice to the public body or group of public bodies within 30 days after the state
21 agency is aware that the moneys will not be paid.

22 “[3] (4) Nothing in this section, or in any funds diversion agreement entered into by a state
23 agency under this section, may in any manner obligate the state or any state agency:

24 “(a) To pay any amount that a public body is not otherwise entitled to receive under law; or

25 “(b) To pay any principal or interest on bonds issued under ORS 238.692 to 238.698.

26 27 “AMORTIZATION OF UNFUNDED ACTUARIAL LIABILITY

28
29 “**SECTION 27. In the year 2019, the Public Employees Retirement Board shall determine
30 the liabilities of the Public Employees Retirement System attributable to the benefits to be
31 provided to members who established membership in the system before August 29, 2003, and
32 shall set the amount of contributions to be made by participating public employers, and by
33 other public employers that are required to make contributions on behalf of members, to
34 ensure that those liabilities will be funded 22 years after the date on which the determination
35 is made.**

36 “**SECTION 28. Section 27 of this 2019 Act is repealed on January 2, 2020.**

37 38 “EMPLOYEE CHOICE

39
40 “**SECTION 29.** Section 2, chapter 118, Oregon Laws 2018, is amended to read:

41 “**Sec. 2.** (1) Except as provided in subsection [(6)] (5) of this section, the Public Employees Re-
42 tirement Board, in consultation with the office of the State Treasurer, shall adopt rules providing
43 that if the Oregon Investment Council invests the assets of the individual account program in mul-
44 tiple risk categories depending on the characteristics of an individual member, a member of the in-
45 dividual account program may elect to have the moneys in the member’s individual accounts

1 established under ORS 238A.350 deposited into an investment option approved by the council.

2 “(2) A member may make an election under this section once per calendar year. The board shall
3 establish by rule the date by which a member must make an election under this section in order for
4 the election to become effective on January 1 of the following calendar year.

5 “[*(3) Subject to such direction and oversight as may be provided by the Legislative Assembly, the
6 board shall take all steps necessary to develop and implement the information technology systems
7 needed to implement and carry out this section.*]

8 “[*(4) The board may contract with a private provider for purposes of implementing this section.
9 The board is not subject to the provisions of ORS chapter 279A or 279B in awarding a contract under
10 the provisions of this subsection. The board shall establish procedures for inviting proposals and
11 awarding contracts under this subsection.*]

12 “**(3) The board shall give each member of the individual account program a disclosure
13 statement in writing that contains information regarding the investment options approved
14 under this section, including the risk and return characteristics of the investment options,
15 that members should consider when making an investment decision for their funds.**

16 “[*(5) (4) The board may adopt rules as necessary to implement this section, which may include
17 rules to create a separate trust or subtrust to hold moneys that are subject to members’
18 investment choice and direction, but the council and the office of the State Treasurer retain au-
19 thority over investment decisions required to implement this section.*]

20 “[*(6) (5) The board may not adopt rules under subsection (1) of this section that violate state
21 or federal laws or regulations.*]

22 “**SECTION 30.** Section 3, chapter 118, Oregon Laws 2018, is amended to read:

23 “**Sec. 3.** The Public Employees Retirement Board shall allow members of the individual account
24 program to make an election under section 2, [*of this 2018 Act*] **chapter 118, Oregon Laws 2018,**
25 that becomes effective on January 1, [*2019*] **2021.**

26 “**SECTION 31.** Section 32 of this 2019 Act is added to and made a part of ORS chapter
27 **238A.**

28 “**SECTION 32.** The state, the State Treasurer, the Oregon Investment Council and the
29 Public Employees Retirement Board, and their officers or employees, are not liable in a civil
30 action or otherwise, for any losses suffered by a member because of a member’s election of
31 an investment option under section 2, chapter 118, Oregon Laws 2018.

32 “**SECTION 33.** Section 4, chapter 118, Oregon Laws 2018, is repealed.

33
34 “**WORK AFTER RETIREMENT**

35
36 “**SECTION 34.** Section 35 of this 2019 Act is added to and made a part of ORS chapter 238.

37 “**SECTION 35.** (1) Notwithstanding ORS 238.082 (2) and subject to the limitations in this
38 section, during calendar year 2020, 2021, 2022, 2023 or 2024, a participating public employer
39 may employ any retired member without limitation on the hours worked by the retired
40 member if the administrative head of the public employer is satisfied that the employment
41 is in the public interest.

42 “(2) A public employer that employs a retired member under ORS 238.082 or 238.088 (2)
43 during calendar year 2020, 2021, 2022, 2023 or 2024 shall contribute to the Public Employees
44 Retirement Board the percentage of the member’s wages that would have been contributed
45 to the board under ORS 238.225 if the member were an active member of the Public Em-

1 ployees Retirement System. Employer contributions made under this section are in addition
2 to employer contributions made under ORS 238.225. The board shall apply contributions made
3 by a public employer under this subsection against the liabilities of the public employer. The
4 board shall adopt rules governing payments made under this subsection.

5 “(3) A retired member who is receiving old-age, survivors or disability insurance benefits
6 under the federal Social Security Act may be employed during calendar year 2020, 2021, 2022,
7 2023 or 2024 for no more than the number of hours for which the salary equals the maximum
8 allowed for receipt of the full amount of those benefits to which the person is entitled.

9 “(4) This section does not apply to any member who retires under the provisions of ORS
10 238.280 (1), (2) or (3), unless the person’s date of retirement is more than six months before
11 the date the person is employed under this section.

12 “(5) Employment under this section does not affect the status of a person as a retired
13 member of the system and a recipient of retirement benefits under this chapter.

14 “SECTION 36. Section 37 of this 2019 Act is added to and made a part of ORS chapter
15 238A.

16 “SECTION 37. (1) Notwithstanding ORS 238A.245 and subject to the limitations in this
17 section, during calendar year 2020, 2021, 2022, 2023 or 2024, a participating public employer
18 may employ any retired member without limitation on the hours worked by the retired
19 member if the administrative head of the public employer is satisfied that the employment
20 is in the public interest. The Public Employees Retirement Board shall continue making
21 pension payments to a retired member of the pension program who is reemployed under this
22 section.

23 “(2) A public employer that employs a retired member during calendar year 2020, 2021,
24 2022, 2023 or 2024 shall contribute to the board the percentage of the member’s wages that
25 would have been contributed to the board under ORS 238A.220 if the member were an active
26 member of the Public Employees Retirement System. Employer contributions made under
27 this section are in addition to employer contributions made under ORS 238A.220. The board
28 shall apply contributions made by a public employer under this subsection against the liabil-
29 ities of the public employer. The board shall adopt rules governing payments made under this
30 subsection.

31 “(3) A retired member who is receiving old-age, survivors or disability insurance benefits
32 under the federal Social Security Act may be employed during calendar year 2020, 2021, 2022,
33 2023 or 2024 for no more than the number of hours for which the salary equals the maximum
34 allowed for receipt of the full amount of those benefits to which the person is entitled.

35 “(4) This section does not apply to any member who retires under the provisions of ORS
36 238A.185, unless the person’s date of retirement is more than six months before the date the
37 person is employed under this section.

38 “(5) Employment under this section does not affect the status of a person as a retired
39 member of the pension program and a recipient of retirement benefits under this chapter.

40 “SECTION 38. Sections 35 and 37 of this 2019 Act are repealed on January 2, 2025.

41
42 “FINAL AVERAGE SALARY
43

44 “SECTION 39. ORS 238.005, as amended by section 4, chapter 54, Oregon Laws 2018, is
45 amended to read:

1 “238.005. For purposes of this chapter:

2 “(1) ‘Active member’ means a member who is presently employed by a participating public em-
3 ployer in a qualifying position and who has completed the six-month period of service required by
4 ORS 238.015.

5 “(2) ‘Annuity’ means payments for life derived from contributions made by a member as provided
6 in this chapter.

7 “(3) ‘Board’ means the Public Employees Retirement Board.

8 “(4) ‘Calendar year’ means 12 calendar months commencing on January 1 and ending on De-
9 cember 31 following.

10 “(5) ‘Continuous service’ means service not interrupted for more than five years, except that
11 such continuous service shall be computed without regard to interruptions in the case of:

12 “(a) An employee who had returned to the service of the employer as of January 1, 1945, and
13 who remained in that employment until having established membership in the Public Employees
14 Retirement System.

15 “(b) An employee who was in the armed services on January 1, 1945, and returned to the service
16 of the employer within one year of the date of being otherwise than dishonorably discharged and
17 remained in that employment until having established membership in the Public Employees Retire-
18 ment System.

19 “(6) ‘Creditable service’ means any period of time during which an active member is being paid
20 a salary by a participating public employer and for which benefits under this chapter are funded by
21 employer contributions and earnings on the fund. For purposes of computing years of ‘creditable
22 service,’ full months and major fractions of a month shall be considered to be one-twelfth of a year
23 and shall be added to all full years. ‘Creditable service’ includes all retirement credit received by
24 a member.

25 “(7) ‘Earliest service retirement age’ means the age attained by a member when the member
26 could first make application for retirement under the provisions of ORS 238.280.

27 “(8) ‘Employee’ includes, in addition to employees, public officers, but does not include:

28 “(a) Persons engaged as independent contractors.

29 “(b) Seasonal, emergency or casual workers whose periods of employment with any public em-
30 ployer or public employers do not total 600 hours in any calendar year.

31 “(c) Persons provided sheltered employment or made-work by a public employer in an employ-
32 ment or industries program maintained for the benefit of such persons.

33 “(d) Persons employed and paid from federal funds received under a federal program intended
34 primarily to alleviate unemployment. However, any such person shall be considered an ‘employee’
35 if not otherwise excluded by paragraphs (a) to (c) of this subsection and the public employer elects
36 to have the person so considered by an irrevocable written notice to the board.

37 “(e) Persons who are employees of a railroad, as defined in ORS 824.020, and who, as such em-
38 ployees, are included in a retirement plan under federal railroad retirement statutes. This paragraph
39 shall be deemed to have been in effect since the inception of the system.

40 “(f) Persons employed in positions classified as post-doctoral scholar positions by a public uni-
41 versity listed in ORS 352.002, or by the Oregon Health and Science University, under ORS 350.370.

42 “(9) ‘Final average salary’ means whichever of the following is greater:

43 “(a) The average salary per calendar year paid by one or more participating public employers
44 to an employee who is an active member of the system in three of the calendar years of membership
45 before the effective date of retirement of the employee, in which three years the employee was paid

1 the highest salary. The three calendar years in which the employee was paid the largest total salary
2 may include calendar years in which the employee was employed for less than a full calendar year.
3 If the number of calendar years of active membership before the effective date of retirement of the
4 employee is three or fewer, the final average salary for the employee is the average salary per cal-
5 endar year paid by one or more participating public employers to the employee in all of those years,
6 without regard to whether the employee was employed for the full calendar year.

7 “(b) One-third of the total salary paid by a participating public employer to an employee who
8 is an active member of the system in the last 36 calendar months of active membership before the
9 effective date of retirement of the employee.

10 “(10) ‘Firefighter’ does not include a volunteer firefighter, but does include:

11 “(a) The State Fire Marshal, the chief deputy fire marshal and deputy state fire marshals; and

12 “(b) An employee of the State Forestry Department who is certified by the State Forester as a
13 professional wildland firefighter and whose primary duties include the abatement of uncontrolled
14 fires as described in ORS 477.064.

15 “(11) ‘Fiscal year’ means 12 calendar months commencing on July 1 and ending on June 30 fol-
16 lowing.

17 “(12) ‘Fund’ means the Public Employees Retirement Fund.

18 “(13) ‘Inactive member’ means a member who is not employed in a qualifying position, whose
19 membership has not been terminated in the manner described by ORS 238.095 and who is not retired
20 for service or disability.

21 “(14) ‘Institution of higher education’ means a public university listed in ORS 352.002, the
22 Oregon Health and Science University and a community college, as defined in ORS 341.005.

23 “(15) ‘Member’ means a person who has established membership in the system and whose mem-
24 bership has not been terminated as described in ORS 238.095. ‘Member’ includes active, inactive and
25 retired members.

26 “(16) ‘Member account’ means the regular account and the variable account.

27 “(17) ‘Normal retirement age’ means:

28 “(a) For a person who establishes membership in the system before January 1, 1996, as described
29 in ORS 238.430, 55 years of age if the employee retires at that age as a police officer or firefighter
30 or 58 years of age if the employee retires at that age as other than a police officer or firefighter.

31 “(b) For a person who establishes membership in the system on or after January 1, 1996, as de-
32 scribed in ORS 238.430, 55 years of age if the employee retires at that age as a police officer or
33 firefighter or 60 years of age if the employee retires at that age as other than a police officer or
34 firefighter.

35 “(18) ‘Pension’ means annual payments for life derived from contributions by one or more public
36 employers.

37 “(19) ‘Police officer’ includes:

38 “(a) Employees of institutions defined in ORS 421.005 as Department of Corrections institutions
39 whose duties, as assigned by the Director of the Department of Corrections, include the custody of
40 persons committed to the custody of or transferred to the Department of Corrections and employees
41 of the Department of Corrections who were classified as police officers on or before July 27, 1989,
42 whether or not such classification was authorized by law.

43 “(b) Employees of the Department of State Police who are classified as police officers by the
44 Superintendent of State Police.

45 “(c) Employees of the Oregon Liquor Control Commission who are classified as regulatory spe-

1 cialists by the administrator of the commission.

2 “(d) Sheriffs and those deputy sheriffs or other employees of a sheriff whose duties, as classified
3 by the sheriff, are the regular duties of police officers or corrections officers.

4 “(e) Police chiefs and police personnel of a city who are classified as police officers by the
5 council or other governing body of the city.

6 “(f) Police officers who are commissioned by a university under ORS 352.121 or 353.125 and who
7 are classified as police officers by the university.

8 “(g) Parole and probation officers employed by the Department of Corrections, parole and pro-
9 bation officers who are transferred to county employment under ORS 423.549 and adult parole and
10 probation officers, as defined in ORS 181A.355, who are classified as police officers for the purposes
11 of this chapter by the county governing body. If a county classifies adult parole and probation offi-
12 cers as police officers for the purposes of this chapter, and the employees so classified are repres-
13 ented by a labor organization, any proposal by the county to change that classification or to cease
14 to classify adult parole and probation officers as police officers for the purposes of this chapter is
15 a mandatory subject of bargaining.

16 “(h) Police officers appointed under ORS 276.021 or 276.023.

17 “(i) Employees of the Port of Portland who are classified as airport police by the Board of
18 Commissioners of the Port of Portland.

19 “(j) Employees of the State Department of Agriculture who are classified as livestock police of-
20 ficers by the Director of Agriculture.

21 “(k) Employees of the Department of Public Safety Standards and Training who are classified
22 by the department as other than secretarial or clerical personnel.

23 “(L) Investigators of the Criminal Justice Division of the Department of Justice.

24 “(m) Corrections officers as defined in ORS 181A.355.

25 “(n) Employees of the Oregon State Lottery Commission who are classified by the Director of
26 the Oregon State Lottery as enforcement agents pursuant to ORS 461.110.

27 “(o) The Director of the Department of Corrections.

28 “(p) An employee who for seven consecutive years has been classified as a police officer as de-
29 fined by this section, and who is employed or transferred by the Department of Corrections to fill
30 a position designated by the Director of the Department of Corrections as being eligible for police
31 officer status.

32 “(q) An employee of the Department of Corrections classified as a police officer on or prior to
33 July 27, 1989, whether or not that classification was authorized by law, as long as the employee
34 remains in the position held on July 27, 1989. The initial classification of an employee under a sys-
35 tem implemented pursuant to ORS 240.190 does not affect police officer status.

36 “(r) Employees of a school district who are appointed and duly sworn members of a law
37 enforcement agency of the district as provided in ORS 332.531 or otherwise employed full-time as
38 police officers commissioned by the district.

39 “(s) Employees at youth correction facilities and juvenile detention facilities under ORS
40 419A.050, 419A.052 and 420.005 to 420.915 who are required to hold valid Oregon teaching licenses
41 and who have supervisory, control or teaching responsibilities over juveniles committed to the cus-
42 tody of the Department of Corrections or the Oregon Youth Authority.

43 “(t) Employees at youth correction facilities as defined in ORS 420.005 whose primary job de-
44 scription involves the custody, control, treatment, investigation or supervision of juveniles placed
45 in such facilities.

1 “(u) Employees of the Oregon Youth Authority who are classified as juvenile parole and pro-
2 bation officers.

3 “(v) Employees of the Department of Human Services who are prohibited from striking under
4 ORS 243.726 and whose duties include the care of residents of residential facilities, as defined in
5 ORS 443.400, that house individuals with intellectual or developmental disabilities.

6 “(20) ‘Prior service credit’ means credit provided under ORS 238.442 or under ORS 238.225 (2)
7 to (6) (1999 Edition).

8 “(21) ‘Public employer’ means the state, one of its agencies, any city, county, or municipal or
9 public corporation, any political subdivision of the state or any instrumentality thereof, or an agency
10 created by one or more such governmental organizations to provide governmental services. For
11 purposes of this chapter, such agency created by one or more governmental organizations is a gov-
12 ernmental instrumentality and a legal entity with power to enter into contracts, hold property and
13 sue and be sued.

14 “(22) ‘Qualifying position’ means one or more jobs with one or more participating public em-
15 ployers in which an employee performs 600 or more hours of service in a calendar year, excluding
16 any service in a job for which a participating public employer does not provide benefits under this
17 chapter pursuant to an application made under ORS 238.035.

18 “(23) ‘Regular account’ means the account established for each active and inactive member un-
19 der ORS 238.250.

20 “(24) ‘Retired member’ means a member who is retired for service or disability.

21 “(25) ‘Retirement credit’ means a period of time that is treated as creditable service for the
22 purposes of this chapter.

23 “(26)(a) ‘Salary’ means the remuneration paid an employee in cash out of the funds of a public
24 employer in return for services to the employer, plus the monetary value, as determined by the
25 Public Employees Retirement Board, of whatever living quarters, board, lodging, fuel, laundry and
26 other advantages the employer furnishes the employee in return for services.

27 “(b) ‘Salary’ includes but is not limited to:

28 “(A) Payments of employee and employer money into a deferred compensation plan, which are
29 deemed salary paid in each month of deferral;

30 “(B) The amount of participation in a tax-sheltered or deferred annuity, which is deemed salary
31 paid in each month of participation;

32 “(C) Retroactive payments described in ORS 238.008; and

33 “(D) Wages of a deceased member paid to a surviving spouse or dependent children under ORS
34 652.190.

35 “(c) ‘Salary’ or ‘other advantages’ does not include:

36 “(A) Travel or any other expenses incidental to employer’s business which is reimbursed by the
37 employer;

38 “(B) Payments for insurance coverage by an employer on behalf of employee or employee and
39 dependents, for which the employee has no cash option;

40 “(C) Payments made on account of an employee’s death;

41 “(D) Any lump sum payment for accumulated unused sick leave;

42 “(E) Any accelerated payment of an employment contract for a future period or an advance
43 against future wages;

44 “(F) Any retirement incentive, retirement severance pay, retirement bonus or retirement
45 gratuitous payment;

1 “(G) Payments for periods of leave of absence after the date the employer and employee have
2 agreed that no future services qualifying pursuant to ORS 238.015 (3) will be performed, except for
3 sick leave and vacation;

4 “(H) Payments for instructional services rendered to public universities listed in ORS 352.002
5 or the Oregon Health and Science University when such services are in excess of full-time employ-
6 ment subject to this chapter. A person employed under a contract for less than 12 months is subject
7 to this subparagraph only for the months to which the contract pertains;

8 “(I) Payments made by an employer for insurance coverage provided to a domestic partner of
9 an employee;

10 “(J) Compensation described and authorized under ORS 341.556 that is not paid by the commu-
11 nity college employing the faculty member;

12 “(K) Compensation described and authorized under ORS 352.232 that is not paid by the public
13 university employing the officer or employee; [or]

14 “(L) Compensation described and authorized under ORS 353.270 that is not paid by Oregon
15 Health and Science University[.]; or

16 **“(M) For years beginning on or after January 1, 2020, any amount in excess of \$195,000**
17 **for a calendar year. If any period over which salary is determined is less than 12 months, the**
18 **\$195,000 limitation for that period shall be multiplied by a fraction, the numerator of which**
19 **is the number of months in the determination period and the denominator of which is 12.**
20 **On January 1 of each year, the board shall adjust the dollar limit provided by this subpara-**
21 **graph to reflect any percentage changes in the Consumer Price Index for All Urban Con-**
22 **sumers, West Region (All Items), as published by the Bureau of Labor Statistics of the**
23 **United States Department of Labor.**

24 “(27) ‘School year’ means the period beginning July 1 and ending June 30 next following.

25 “(28) ‘System’ means the Public Employees Retirement System.

26 “(29) ‘Variable account’ means the account established for a member who participates in the
27 Variable Annuity Account under ORS 238.260.

28 “(30) ‘Vested’ means being an active member of the system in each of five calendar years.

29 “(31) ‘Volunteer firefighter’ means a firefighter whose position normally requires less than 600
30 hours of service per year.

31 **“SECTION 40.** ORS 238A.005, as amended by section 5, chapter 54, Oregon Laws 2018, and
32 section 2, chapter 101, Oregon Laws 2018, is amended to read:

33 “238A.005. For the purposes of this chapter:

34 “(1) ‘Active member’ means a member of the pension program or the individual account program
35 of the Oregon Public Service Retirement Plan who is actively employed in a qualifying position.

36 “(2) ‘Actuarial equivalent’ means a payment or series of payments having the same value as the
37 payment or series of payments replaced, computed on the basis of interest rate and mortality as-
38 sumptions adopted by the board.

39 “(3) ‘Board’ means the Public Employees Retirement Board.

40 “(4) ‘Eligible employee’ means a person who performs services for a participating public em-
41 ployer, including elected officials other than judges. ‘Eligible employee’ does not include:

42 “(a) Persons engaged as independent contractors;

43 “(b) Aliens working under a training or educational visa;

44 “(c) Persons provided sheltered employment or make-work by a public employer;

45 “(d) Persons categorized by a participating public employer as student employees;

1 “(e) Any person who is an inmate of a state institution;

2 “(f) Employees of foreign trade offices of the Oregon Business Development Department who live
3 and perform services in foreign countries under the provisions of ORS 285A.075 (1)(g);

4 “(g) An employee actively participating in an alternative retirement program established under
5 ORS 353.250 or an optional retirement plan established under ORS 341.551;

6 “(h) Employees of a public university listed in ORS 352.002 who are actively participating in an
7 optional retirement plan offered under ORS 243.800;

8 “(i) Persons employed in positions classified as post-doctoral scholar positions by a public uni-
9 versity listed in ORS 352.002, or by the Oregon Health and Science University, under ORS 350.370;

10 “(j) Any employee who belongs to a class of employees that was not eligible on August 28, 2003,
11 for membership in the system under the provisions of ORS chapter 238 or other law;

12 “(k) Any person who belongs to a class of employees who are not eligible to become members
13 of the Oregon Public Service Retirement Plan under the provisions of ORS 238A.070 (2);

14 “(L) Any person who is retired under ORS 238A.100 to 238A.250 or ORS chapter 238 and who
15 continues to receive retirement benefits while employed; and

16 “(m) Judges.

17 “(5) ‘Firefighter’ means:

18 “(a) A person employed by a local government, as defined in ORS 174.116, whose primary job
19 duties include the fighting of fires;

20 “(b) The State Fire Marshal, the chief deputy state fire marshal and deputy state fire marshals;
21 and

22 “(c) An employee of the State Forestry Department who is certified by the State Forester as a
23 professional wildland firefighter and whose primary duties include the abatement of uncontrolled
24 fires as described in ORS 477.064.

25 “(6) ‘Fund’ means the Public Employees Retirement Fund.

26 “(7)(a) ‘Hour of service’ means:

27 “(A) An hour for which an eligible employee is directly or indirectly paid or entitled to payment
28 by a participating public employer for performance of duties in a qualifying position; and

29 “(B) An hour of vacation, holiday, illness, incapacity, jury duty, military duty or authorized
30 leave during which an employee does not perform duties but for which the employee is directly or
31 indirectly paid or entitled to payment by a participating public employer for services in a qualifying
32 position, as long as the hour is within the number of hours regularly scheduled for the performance
33 of duties during the period of vacation, holiday, illness, incapacity, jury duty, military duty or au-
34 thorized leave.

35 “(b) ‘Hour of service’ does not include any hour for which payment is made or due under a plan
36 maintained solely for the purpose of complying with applicable unemployment compensation laws.

37 “(8) ‘Inactive member’ means a member of the pension program or the individual account pro-
38 gram of the Oregon Public Service Retirement Plan whose membership has not been terminated, who
39 is not a retired member and who is not employed in a qualifying position.

40 “(9) ‘Individual account program’ means the defined contribution individual account program of
41 the Oregon Public Service Retirement Plan established under ORS 238A.025.

42 “(10) ‘Institution of higher education’ means a public university listed in ORS 352.002, the
43 Oregon Health and Science University or a community college, as defined in ORS 341.005.

44 “(11) ‘Member’ means an eligible employee who has established membership in the pension pro-
45 gram or the individual account program of the Oregon Public Service Retirement Plan and whose

1 membership has not been terminated under ORS 238A.110 or 238A.310.

2 “(12) ‘Participating public employer’ means a public employer as defined in ORS 238.005 that
3 provides retirement benefits for employees of the public employer under the system.

4 “(13) ‘Pension program’ means the defined benefit pension program of the Oregon Public Service
5 Retirement Plan established under ORS 238A.025.

6 “(14) ‘Police officer’ means a police officer as described in ORS 238.005.

7 “(15) ‘Qualifying position’ means one or more jobs with one or more participating public em-
8 ployers in which an eligible employee performs 600 or more hours of service in a calendar year,
9 excluding any service in a job for which benefits are not provided under the Oregon Public Service
10 Retirement Plan pursuant to ORS 238A.070 (2).

11 “(16) ‘Retired member’ means a pension program member who is receiving a pension as provided
12 in ORS 238A.180 to 238A.195.

13 “(17)(a) ‘Salary’ means the remuneration paid to an active member in return for services to the
14 participating public employer, including remuneration in the form of living quarters, board or other
15 items of value, to the extent the remuneration is includable in the employee’s taxable income under
16 Oregon law. ‘Salary’ includes the additional amounts specified in paragraph (b) of this subsection,
17 but does not include the amounts specified in paragraph (c) of this subsection, regardless of whether
18 those amounts are includable in taxable income.

19 “(b) ‘Salary’ includes the following amounts:

20 “(A) Payments of employee and employer money into a deferred compensation plan that are
21 made at the election of the employee.

22 “(B) Contributions to a tax-sheltered or deferred annuity that are made at the election of the
23 employee.

24 “(C) Any amount that is contributed to a cafeteria plan or qualified transportation fringe benefit
25 plan by the employer at the election of the employee and that is not includable in the taxable in-
26 come of the employee by reason of 26 U.S.C. 125 or 132(f)(4), as in effect on December 31, 2017.

27 “(D) Any amount that is contributed to a cash or deferred arrangement by the employer at the
28 election of the employee and that is not included in the taxable income of the employee by reason
29 of 26 U.S.C. 402(e)(3), as in effect on December 31, 2017.

30 “(E) Retroactive payments described in ORS 238.008.

31 “(F) The amount of an employee contribution to the individual account program that is paid by
32 the employer and deducted from the compensation of the employee, as provided under ORS 238A.335
33 (1) and (2)(a).

34 “(G) The amount of an employee contribution to the individual account program that is not paid
35 by the employer under ORS 238A.335.

36 “(H) Wages of a deceased member paid to a surviving spouse or dependent children under ORS
37 652.190.

38 “(c) ‘Salary’ does not include the following amounts:

39 “(A) Travel or any other expenses incidental to employer’s business which is reimbursed by the
40 employer.

41 “(B) Payments made on account of an employee’s death.

42 “(C) Any lump sum payment for accumulated unused sick leave, vacation leave or other paid
43 leave.

44 “(D) Any severance payment, accelerated payment of an employment contract for a future period
45 or advance against future wages.

1 “(E) Any retirement incentive, retirement bonus or retirement gratuitous payment.

2 “(F) Payment for a leave of absence after the date the employer and employee have agreed that
3 no future services in a qualifying position will be performed.

4 “(G) Payments for instructional services rendered to public universities listed in ORS 352.002
5 or the Oregon Health and Science University when those services are in excess of full-time em-
6 ployment subject to this chapter. A person employed under a contract for less than 12 months is
7 subject to this subparagraph only for the months covered by the contract.

8 “(H) The amount of an employee contribution to the individual account program that is paid by
9 the employer and is not deducted from the compensation of the employee, as provided under ORS
10 238A.335 (1) and (2)(b).

11 “(I) Compensation described and authorized under ORS 341.556 that is not paid by the commu-
12 nity college employing the faculty member.

13 “(J) Compensation described and authorized under ORS 352.232 that is not paid by the public
14 university employing the officer or employee.

15 “(K) Compensation described and authorized under ORS 353.270 that is not paid by Oregon
16 Health and Science University.

17 “(L) **For years before 2020**, any amount in excess of \$200,000 for a calendar year. If any period
18 over which salary is determined is less than 12 months, the \$200,000 limitation for that period shall
19 be multiplied by a fraction, the numerator of which is the number of months in the determination
20 period and the denominator of which is 12. The board shall adopt rules adjusting this dollar limit
21 to incorporate cost-of-living adjustments authorized by the Internal Revenue Service.

22 “(M) **For years beginning on or after January 1, 2020, any amount in excess of \$195,000**
23 **for a calendar year. If any period over which salary is determined is less than 12 months, the**
24 **\$195,000 limitation for that period shall be multiplied by a fraction, the numerator of which**
25 **is the number of months in the determination period and the denominator of which is 12.**
26 **On January 1 of each year, the board shall adjust the dollar limit provided by this subpara-**
27 **graph to reflect any percentage changes in the Consumer Price Index for All Urban Con-**
28 **sumers, West Region (All Items), as published by the Bureau of Labor Statistics of the**
29 **United States Department of Labor.**

30 “(18) ‘System’ means the Public Employees Retirement System.

31 “(19) ‘Workers’ compensation benefits’ means:

32 “(a) Payments made under ORS chapter 656; or

33 “(b) Payments provided in lieu of workers’ compensation benefits under ORS 656.027 (6).

34 “**SECTION 41.** ORS 238.580 is amended to read:

35 “238.580. (1) **Except as provided in subsection (3) of this section**, ORS 238.005 (4) and (26),
36 238.025, 238.078, 238.082, 238.092, 238.115 (1), 238.250, 238.255, 238.260, 238.350, 238.364, 238.410,
37 238.415, 238.420, 238.445, 238.458, 238.460, 238.465, 238.475, 238.600, 238.605, 238.610, 238.618, 238.630,
38 238.635, 238.645, 238.650, 238.655, 238.660, 238.665, 238.670 and 238.705 and the increases provided
39 by ORS 238.366 for members of the system who are serving as other than police officers or fire-
40 fighters apply in respect to service as a judge member.

41 “(2) This chapter applies in respect to persons described in ORS 238.505 (1) and in respect to
42 service as a judge member only as specifically provided in ORS 238.500 to 238.585.

43 “(3) **ORS 238.005 (26)(c)(M) does not apply in respect to service as a judge member.**

44

45

“PROCEEDS OF SPORTS BETTING

1 “**SECTION 42.** ORS 461.010 is amended to read:

2 “461.010. Unless the context requires otherwise, the definitions contained in this chapter shall
3 govern the construction of this chapter.

4 “(1) ‘Commissioner’ means one of the members of the lottery commission appointed by the Gov-
5 ernor pursuant to the Constitution of the State of Oregon and this chapter to oversee the state
6 lottery.

7 “(2) ‘Director’ means the Director of the Oregon State Lottery appointed by the Governor pur-
8 suant to the Constitution of the State of Oregon and this chapter as the chief administrator of the
9 Oregon State Lottery.

10 “(3) ‘Lottery’ or ‘state lottery’ means the Oregon State Lottery established and operated pursu-
11 ant to the Constitution of the State of Oregon and this chapter.

12 “(4) ‘Lottery commission’ or ‘commission’ means the five-member body appointed by the Gover-
13 nor pursuant to the Constitution of the State of Oregon and this chapter to oversee the lottery and
14 the director.

15 “(5) ‘Lottery contractor’ means a person with whom the state lottery has contracted for the
16 purpose of providing goods and services for the state lottery.

17 “(6) ‘Lottery game’ or ‘game’ means any procedure authorized by the commission whereby prizes
18 are distributed among persons who have paid, or unconditionally agreed to pay, for tickets or shares
19 that provide the opportunity to win such prizes.

20 “(7) ‘Lottery game retailer’ means a person with whom the lottery commission has contracted
21 for the purpose of selling tickets or shares in lottery games to the public.

22 “(8) ‘Lottery vendor’ or ‘vendor’ means any person who submits a bid, proposal or offer to pro-
23 vide goods or services to the commission or lottery.

24 “(9) ‘Person’ means any natural person or corporation, trust, association, partnership, joint
25 venture, subsidiary or other business entity.

26 “**(10) ‘Sports betting game’ means a lottery game in which the distribution of prizes is**
27 **based on the results of one or more sporting events.**

28 “**SECTION 42a.** ORS 461.010, as amended by section 42 of this 2019 Act, is amended to read:

29 “461.010. Unless the context requires otherwise, the definitions contained in this chapter shall
30 govern the construction of this chapter.

31 “(1) ‘Commissioner’ means one of the members of the lottery commission appointed by the Gov-
32 ernor pursuant to the Constitution of the State of Oregon and this chapter to oversee the state
33 lottery.

34 “(2) ‘Director’ means the Director of the Oregon State Lottery appointed by the Governor pur-
35 suant to the Constitution of the State of Oregon and this chapter as the chief administrator of the
36 Oregon State Lottery.

37 “(3) ‘Lottery’ or ‘state lottery’ means the Oregon State Lottery established and operated pursu-
38 ant to the Constitution of the State of Oregon and this chapter.

39 “(4) ‘Lottery commission’ or ‘commission’ means the five-member body appointed by the Gover-
40 nor pursuant to the Constitution of the State of Oregon and this chapter to oversee the lottery and
41 the director.

42 “(5) ‘Lottery contractor’ means a person with whom the state lottery has contracted for the
43 purpose of providing goods and services for the state lottery.

44 “(6) ‘Lottery game’ or ‘game’ means any procedure authorized by the commission whereby prizes
45 are distributed among persons who have paid, or unconditionally agreed to pay, for tickets or shares

1 that provide the opportunity to win such prizes.

2 “(7) ‘Lottery game retailer’ means a person with whom the lottery commission has contracted
3 for the purpose of selling tickets or shares in lottery games to the public.

4 “(8) ‘Lottery vendor’ or ‘vendor’ means any person who submits a bid, proposal or offer to pro-
5 vide goods or services to the commission or lottery.

6 “(9) ‘Person’ means any natural person or corporation, trust, association, partnership, joint
7 venture, subsidiary or other business entity.

8 “[10] ‘Sports betting game’ means a lottery game in which the distribution of prizes is based on
9 the results of one or more sporting events.]

10 **“SECTION 43. Section 44 of this 2019 Act is added to and made a part of ORS chapter 461.**

11 **“SECTION 44. (1) The Oregon State Lottery Commission shall separately record and ac-
12 count for the costs and net proceeds of sports betting games.**

13 **“(2) When the commission transfers net lottery proceeds to the Administrative Services
14 Economic Development Fund established under ORS 461.540, the commission shall certify to
15 the Oregon Department of Administrative Services the amount of such transfer that re-
16 presents the net proceeds of sports betting games.**

17 **“(3) The department shall transfer an amount equal to the net proceeds of sports betting
18 games to the Employer Incentive Fund established under section 1, chapter 105, Oregon Laws
19 2018.**

20 **“SECTION 45. The Legislative Assembly finds that a reduction of employer contributions
21 required under the Public Employees Retirement System averts future tax increases that
22 would otherwise be necessary to pay for such contributions, and that the use of lottery re-
23 venues under section 44 of this 2019 Act therefore promotes economic development.**

24 **“SECTION 45a. Sections 44 and 45 of this 2019 Act are repealed on December 31, 2041.**

25
26 **“EMPLOYER PROGRAMS**

27
28 **“SECTION 46. Section 1, chapter 105, Oregon Laws 2018, is amended to read:**

29 **“Sec. 1. (1) The Employer Incentive Fund is established in the State Treasury, separate and
30 distinct from the General Fund. Interest earned by the Employer Incentive Fund shall be credited
31 to the fund[, but]. Interest earned by the fund may [not] be used under section 2, chapter 105,
32 Oregon Laws 2018, [of this 2018 Act] to match lump sum payments made under ORS 238.229.**

33 **“(2) Moneys in the fund are continuously appropriated to the Public Employees Retirement
34 Board for the purposes described in sections 2 and 26, chapter 105, Oregon Laws 2018 [of this 2018
35 Act].**

36 **“(3) Moneys in the fund shall be invested in the Oregon Short Term Fund established
37 under ORS 293.728.**

38 **“SECTION 47. Section 2, chapter 105, Oregon Laws 2018, is amended to read:**

39 **“Sec. 2. (1)(a) The Public Employees Retirement Board shall establish a process for distributing
40 the moneys in the Employer Incentive Fund established under section 1, chapter 105, Oregon Laws
41 2018 [of this 2018 Act].**

42 **“(b) The process must allow a participating public employer to apply to reserve matching
43 amounts in the Employer Incentive Fund by committing to make a qualifying lump sum payment of
44 at least \$25,000 to an account established under ORS 238.229.**

45 **“(2) The board shall adopt rules establishing:**

1 “(a) The percentage of a lump sum payment that may be matched by distributions from the fund,
2 not to exceed 25 percent of a qualifying lump sum payment.

3 “(b) The maximum matching amount that may be reserved by a participating public employer,
4 not to exceed the greater of:

5 “(A) Five percent of the unfunded actuarial liability attributable to the employer, as determined
6 in the most recent report prepared under ORS 238.605; or

7 “(B) \$300,000.

8 “(c) The qualifications for lump sum payments that may be matched under this section[. *The*
9 *qualifications must include the following requirements:*]

10 “[*(A) The participating public employer must apply to reserve matching funds no later than De-*
11 *cember 31, 2019.*]

12 “[*(B) The participating public employer must make the qualifying lump sum payment no later than*
13 *July 1, 2023.*]

14 “[*(C)*], **including a requirement that** a qualifying lump sum payment may not be a payment
15 from moneys borrowed by the employer.

16 “(d) A requirement that the participating public employer participate in the Unfunded Actuarial
17 Liability Resolution Program to develop a plan under section 26, **chapter 105, Oregon Laws 2018**
18 [*of this 2018 Act*].

19 “[*(3)(a) The board may begin accepting applications under subsection (1) of this section on the date*
20 *on which the board determines that there are sufficient moneys in the Employer Incentive Fund.*]

21 “[*(b)*] **(3)(a)** For [*180*] **90** days after the board begins accepting applications under subsection (1)
22 of this section, a participating public employer may apply to reserve matching amounts from the
23 Employer Incentive Fund under subsection (1) of this section only if the unfunded actuarial liability
24 attributable to the employer, as determined in the most recent report prepared under ORS 238.605,
25 is more than 200 percent of the employer’s payroll for members of the Public Employees Retirement
26 System.

27 “[*(c)*] **(b)** After the [*180-day*] **90-day** period described in paragraph [*(b)*] **(a)** of this subsection,
28 any participating public employer may apply to reserve matching funds from the Employer Incentive
29 Fund under subsection (1) of this section.

30 “**(4)(a)** The board shall approve applications that meet the qualifications established under sub-
31 section (2) of this section in the order in which the applications are submitted. The board shall
32 continue approving applications as long as **adequate** moneys in the Employer Incentive Fund are
33 **projected to become** available.

34 “**(b) After all of the moneys projected to become available in the Employer Incentive**
35 **Fund are reserved for matching under paragraph (a) of this subsection, the board may es-**
36 **tablish a waiting list for the remaining timely submitted applications and, if sufficient mon-**
37 **eys in the Employer Incentive Fund become available, shall approve, in the order in which**
38 **the applications were submitted, applications that meet the qualifications established under**
39 **subsection (2) of this section.**

40 “(5) The board shall transfer matching amounts approved under subsection (4) of this section
41 from the Employer Incentive Fund to the approved employers’ accounts established under ORS
42 238.229.

43 “(6) The board may transfer moneys from the Employer Incentive Fund to the Public Employees
44 Retirement Fund established under ORS 238.660 for crediting to the reserves for pension accounts
45 and annuities as provided in ORS 238.670 (2).

1 “(7) The board may use moneys in the Employer Incentive Fund for reasonable administrative
2 costs incurred under this section.

3 “**SECTION 48.** Section 3, chapter 105, Oregon Laws 2018, is amended to read:

4 “**Sec. 3.** (1) Section 2, **chapter 105, Oregon Laws 2018, as amended by section 47 of this 2019**
5 **Act, [of this 2018 Act]** is repealed *[January 2, 2025]* **July 1, 2042.**

6 “(2)(a) The Employer Incentive Fund established under section 1, **chapter 105, Oregon Laws**
7 **2018, [of this 2018 Act]** is abolished on *[January 2, 2025]* **July 1, 2042.**

8 “(b)(A) **Except as provided in subparagraph (B) of this paragraph,** the unexpended moneys
9 remaining in the Employer Incentive Fund on *[January 2, 2025]* **July 1, 2042,** shall be transferred
10 to the General Fund.

11 “(B) **The unexpended moneys remaining in the Employer Incentive Fund on July 1, 2042,**
12 **that are attributable to sports betting games, as defined in ORS 461.010, shall be transferred**
13 **to the Administrative Services Economic Development Fund.**

14 “**SECTION 49.** Section 13, chapter 105, Oregon Laws 2018, is amended to read:

15 “**Sec. 13.** (1) Not earlier than July 1 and not later than October 1 of the years 2019, 2021 and
16 2023, the division of the Oregon Department of Administrative Services that serves as office of
17 economic analysis shall:

18 “(a) Calculate the rate of change in the tax liability from personal income taxes on taxable
19 capital gains during the five preceding biennia; and

20 “(b) Use the rate of change calculated under paragraph (a) of this subsection to forecast the tax
21 liability from personal income taxes on taxable capital gains for the biennium beginning on July 1
22 of the year in which the calculation is made.

23 “(2) Not later than November 1 of the odd-numbered year following each calculation under
24 subsection (1) of this section, the Oregon Department of Administrative Services, in consultation
25 with the Department of Revenue, shall estimate the tax liability from personal income taxes on
26 taxable capital gains for the previous biennium.

27 “(3) Not later than November 30 of the odd-numbered year in which the estimate is made under
28 subsection (2) of this section, the Oregon Department of Administrative Services, in consultation
29 with the Department of Revenue, shall determine whether the tax liability from personal income
30 taxes on capital gains estimated under subsection (2) of this section, less any amount required to
31 be returned to taxpayers under ORS 291.349, exceeds the tax liability from personal income taxes
32 on taxable capital gains forecasted under subsection (1) of this section.

33 “(4) Except as provided in subsection (5) of this section, **on the last business day of the odd-**
34 **numbered year in which the estimate is made under subsection (2) of this section,** the De-
35 partment of Revenue shall transfer an amount equal to 25 percent of any excess calculated under
36 subsection (3) of this section to the School Districts Unfunded Liability Fund established in section
37 24, **chapter 105, Oregon Laws 2018 [of this 2018 Act].**

38 “(5) The Department of Revenue may not make a transfer under subsection (4) of this section
39 if:

40 “(a) The Legislative Assembly has appropriated moneys from the Oregon Rainy Day Fund under
41 ORS 293.144 on or after *[the effective date of this 2018 Act]* **June 2, 2018;** or

42 “(b) The Public Employees Retirement System is more than 90 percent funded as determined in
43 accordance with rules adopted by the Public Employees Retirement Board.

44 “(6) The Department of Revenue shall retain unreceipted revenue from the tax imposed under
45 ORS chapter 316 in an amount necessary to make the transfer required under subsection (4) of this

1 section. The department shall make the transfer out of the unreceipted revenue in lieu of paying the
2 revenue over to the State Treasurer for deposit in the General Fund.

3 **“SECTION 50.** Section 15, chapter 105, Oregon Laws 2018, is amended to read:

4 **“Sec. 15.** (1) Not earlier than July 1 and not later than October 1 of the years 2019, 2021 and
5 2023, the division of the Oregon Department of Administrative Services that serves as office of
6 economic analysis shall:

7 “(a) Calculate the rate of change in collections from estate taxes during the five preceding
8 biennia; and

9 “(b) Use the rate of change calculated under paragraph (a) of this subsection to forecast the
10 collections from estate taxes for the biennium beginning on July 1 of the year in which the calcu-
11 lation is made.

12 “(2) Not later than November 1 of the odd-numbered year following each calculation under
13 subsection (1) of this section, the Oregon Department of Administrative Services, in consultation
14 with the Department of Revenue, shall estimate the collections from estate taxes for the previous
15 biennium.

16 “(3) Not later than November 30 of the odd-numbered year in which the estimate is made under
17 subsection (2) of this section, the Oregon Department of Administrative Services, in consultation
18 with the Department of Revenue, shall determine whether the collections from estate taxes esti-
19 mated under subsection (2) of this section exceed the collections from estate taxes forecasted under
20 subsection (1) of this section.

21 **“(4) On the last business day of the odd-numbered year in which the estimate is made**
22 **under subsection (2) of this section,** the Department of Revenue shall transfer an amount equal
23 to the amount of any excess calculated under subsection (3) of this section, less any amount required
24 to be returned to taxpayers under ORS 291.349, to the School Districts Unfunded Liability Fund
25 established in section 24, **chapter 105, Oregon Laws 2018** [of this 2018 Act].

26 “(5) The Department of Revenue shall retain unreceipted revenue from estate taxes imposed
27 under ORS 118.005 to 118.540 in an amount necessary to make the transfer required under sub-
28 section (4) of this section. The department shall make the transfer out of the unreceipted revenue
29 in lieu of paying the revenue over to the State Treasurer for deposit in the General Fund.

30 **“SECTION 51.** Section 24, chapter 105, Oregon Laws 2018, is amended to read:

31 **“Sec. 24.** (1) The School Districts Unfunded Liability Fund is established in the State Treasury,
32 separate and distinct from the General Fund. Interest earned by the School Districts Unfunded Li-
33 ability Fund shall be credited to the fund. The fund consists of moneys transferred to the fund under
34 sections 12, 13, 15 and 22, **chapter 105, Oregon Laws 2018,** [of this 2018 Act] and other moneys
35 transferred, allocated or appropriated to the fund.

36 “(2) Moneys in the fund are continuously appropriated to the Public Employees Retirement
37 Board for the purpose of establishing and funding a pooled account to be applied against the liabil-
38 ities of participating public employers, as defined in ORS 238.005, that are school districts.

39 **“(3) Moneys in the fund shall be invested in the Oregon Short Term Fund established**
40 **under ORS 293.728.**

41 “[3] (4) The board shall establish an account in the Public Employees Retirement Fund for the
42 moneys in the School Districts Unfunded Liability Fund.

43 “[4] (5) The board shall adopt rules providing for:

44 “(a) Proportional distribution to school districts of the moneys in the account established under
45 subsection [3] (4) of this section;

1 “(b) Amortization of the moneys distributed; and

2 “(c) Administration of the account established under subsection [(3)] (4) of this section in the
3 same manner as accounts established under ORS 238.229 (2).

4 “[5)] (6) No later than February 1 of each odd-numbered year, the board shall report to the
5 Oregon Department of Administrative Services and the Legislative Fiscal Officer an estimate of how
6 moneys will be distributed under this section in the following biennium.

7 “**SECTION 52. The School Districts Unfunded Liability Fund established under section 24,**
8 **chapter 105, Oregon Laws 2018, is abolished on July 1, 2042. The unexpended moneys re-**
9 **maining in the fund on July 1, 2042, shall be transferred to the General Fund.**

10 “**SECTION 53.** Section 29, chapter 105, Oregon Laws 2018, is amended to read:

11 “**Sec. 29.** Section 28 [*of this 2018 Act*], **chapter 105, Oregon Laws 2018**, is repealed on January
12 2, [2027] **2042.**

13 “**SECTION 54.** Section 26, chapter 105, Oregon Laws 2018, is amended to read:

14 “**Sec. 26.** (1) The Public Employees Retirement Board shall establish an Unfunded Actuarial
15 Liability Resolution Program. Under the program, the board shall provide technical expertise to
16 participating public employers in developing **funding** plans to improve the employers’ funded status
17 and to manage projected employer contribution rate changes. [*Participating public employers are not*
18 *required to participate in the program.*] **Funding plans developed under the program must be**
19 **based on actuarial reports prepared under ORS 238.605.**

20 “(2) **A participating public employer shall participate in the program.**

21 “[2)] (3) The board may use moneys in the Employer Incentive Fund established in section 1
22 [*of this 2018 Act*], **chapter 105, Oregon Laws 2018**, for reasonable administrative costs incurred
23 under this section.

24 “**SECTION 55.** Section 26, chapter 105, Oregon Laws 2018, as amended by section 54 of this
25 2019 Act, is amended to read:

26 “**Sec. 26.** (1) The Public Employees Retirement Board shall establish an Unfunded Actuarial
27 Liability Resolution Program. Under the program, the board shall provide technical expertise to
28 participating public employers in developing funding plans to improve the employers’ funded status
29 and to manage projected employer contribution rate changes. Funding plans developed under the
30 program must be based on actuarial reports prepared under ORS 238.605.

31 “(2) A participating public employer shall participate in the program.

32 “[3) *The board may use moneys in the Employer Incentive Fund established in section 1, chapter*
33 *105, Oregon Laws 2018, for reasonable administrative costs incurred under this section.*]

34
35 “**REPORTING**

36
37 “**SECTION 56.** Section 57 of this 2019 Act is added to and made a part of ORS chapter 238.

38 “**SECTION 57.** At least 30 days before the Public Employees Retirement Board adopts
39 changes to actuarial methods and assumptions used for purposes of the Public Employees
40 Retirement System, the board shall submit a report to the Joint Committee on Ways and
41 Means or the Joint Interim Committee on Ways and Means detailing the proposed changes
42 and the associated, actuarially determined impact to the total liability of the system, the
43 accrued liability of the system and employer contribution rates.

44
45 “**APPROPRIATION**

