SB 128 STAFF MEASURE SUMMARY

Senate Committee On Labor and Business

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Meeting Dates:	2/7, 2/14

WHAT THE MEASURE DOES:

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

ISSUES DISCUSSED:

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

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

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

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