

Requested by Senator MEEK

**PROPOSED AMENDMENTS TO  
SENATE BILL 588**

1 On page 1 of the printed bill, line 2, after the semicolon insert “creating  
2 new provisions; amending ORS 238.320 and 238A.235;”.

3 Delete lines 5 through 26 and delete page 2 and insert:

4 **“SECTION 1. Section 2 of this 2025 Act is added to and made a part  
5 of ORS chapter 238.**

6 **“SECTION 2. (1) If a member who is a police officer or a firefighter  
7 requests a contested case hearing to dispute a final denial of an ap-  
8 plication for a disability retirement allowance under ORS 238.320, the  
9 Public Employees Retirement Board shall ensure that the contested  
10 case is referred for a hearing no later than 180 days after the member  
11 requests the hearing, or, if the member requests an extension, no later  
12 than 360 days after the member requests the hearing.**

13 **“(2) If the case is not referred for a hearing within the time pro-  
14 vided in this section, the member prevails in disputing the final denial  
15 of the application under ORS 238.320.**

16 **“SECTION 3. Section 4 of this 2025 Act is added to and made a part  
17 of ORS chapter 238A.**

18 **“SECTION 4. (1) If a member who is a police officer or a firefighter  
19 requests a contested case hearing to dispute a final denial of an ap-  
20 plication for disability benefits under ORS 238A.235, the Public Em-  
21 ployees Retirement Board shall ensure that the contested case is**

1 referred for a hearing no later than 180 days after the member re-  
2 quests the hearing, or, if the member requests an extension, no later  
3 than 360 days after the member requests the hearing.

4 “(2) If the case is not referred for a hearing within the time pro-  
5 vided in this section, the member prevails in disputing the final denial  
6 of the application under ORS 238A.235.

7 “SECTION 5. Within 360 days after the effective date of this 2025  
8 Act, the Public Employees Retirement Board shall refer for a hearing  
9 all contested cases for which a police officer or firefighter has re-  
10 quested a hearing before the effective date of this 2025 Act to dispute  
11 a final denial of an application for a disability retirement allowance  
12 under ORS 238.320 or for disability benefits under ORS 238A.235.

13 “SECTION 6. ORS 238.320 is amended to read:

14 “238.320. (1) Whenever an employee who is a member of the Public Em-  
15 ployees Retirement System is found, after being examined by one or more  
16 physicians selected by the Public Employees Retirement Board, to be men-  
17 tally or physically incapacitated for an extended duration, as determined by  
18 medical examination, and thereby unable to perform any work for which  
19 qualified, by injury or disease sustained while in actual performance of duty  
20 and not intentionally self-inflicted, the member shall receive a disability re-  
21 tirement allowance consisting of:

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

24 “(b) A current service pension provided by the contributions of employers  
25 and, for benefits that accrue on or after July 1, 2020, amounts in the em-  
26 ployee pension stability account established for the member under ORS  
27 238A.353, equal to:

28 “(A) For a police officer or firefighter, the pension to which the member  
29 would have been entitled if the member had worked continuously until at-  
30 taining the age of 55, or if the member has attained the age of 55, the pension

1 which the member would receive were the member to retire for service, as  
2 provided in this chapter.

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

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

10 “(2) As used in [*subsection (1) of*] this section, ‘injury’ means bodily injury  
11 causing the disability directly and independently of all other causes and ef-  
12 fected solely through accidental means.

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

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

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

1 “(6) In computing years of employment for the purpose of subsection (3)  
2 of this section, the following schedule shall be used: For employment before  
3 the employee established membership in the Public Employees Retirement  
4 System, a member shall be considered to have been employed for one year  
5 for each year of prior service credit allowed, and for any minor fraction of  
6 a year of continuous service as certified by the employer for which no prior  
7 service credit was granted. After having established membership in the  
8 Public Employees Retirement System a member shall be considered to have  
9 been employed one year for each 12-month period or major fraction thereof  
10 during which time the member received compensation for employment which  
11 entitled the member to membership in the system, as evidenced by payroll  
12 records. For the purpose of determining a member’s eligibility for disability  
13 benefits, no leave of absence after a member ceases to work for any partic-  
14 ipating employer shall be considered other than accumulated sick leave not  
15 in excess of 90 days. The effective date of the disability shall not in any  
16 event be determined by the board as prior to the last day for which the dis-  
17 abled member performed services for a participating employer. No benefits  
18 may be paid for any month in which the member received salary or sick leave  
19 benefits from the participating employer.

20 “(7) For the purposes of subsections (1) and (3) of this section[,]:

21 “(a) A member of the system shall be considered to be mentally or phys-  
22 ically incapacitated for an extended duration if the mental or physical inca-  
23 pacity can be expected to result in death or has lasted or can be expected  
24 to last for a continuous period of not less than 90 days.

25 “(b) **A member is not considered to be mentally or physically inca-**  
26 **pacitated for an extended duration and unable to perform any work**  
27 **for which qualified if the member is able to perform any job, not**  
28 **necessarily the last or usual job performed by the member:**

29 “(A) **That the member is physically and psychologically capable of**  
30 **performing;**

1       **“(B) For which the member has, or may obtain with reasonable**  
2 **training, the necessary knowledge, skills and abilities;**

3       **“(C) That the member can perform in a regular and predictable**  
4 **manner; and**

5       **“(D) For which the member could earn at least \$1,400 per month.**  
6 **On January 1 of each year, the board shall adjust the dollar amount**  
7 **provided in this subparagraph to reflect any percentage increase in the**  
8 **cost of living for the previous calendar year, based on changes in the**  
9 **Consumer Price Index for All Urban Consumers, West Region (All**  
10 **Items), as published by the Bureau of Labor Statistics of the United**  
11 **States Department of Labor.**

12       **“SECTION 7.** ORS 238A.235 is amended to read:

13       “238A.235. (1) An active member of the pension program described in  
14 subsection (2) of this section who becomes disabled shall receive a disability  
15 benefit in the amount of 45 percent of the salary of the member determined  
16 as of the last full month of employment before the disability commences.

17       “(2) The provisions of this section apply only to:

18       “(a) A member, other than a school employee as defined by ORS 238A.140,  
19 who has accrued 10 years or more of retirement credit before the member  
20 becomes disabled;

21       “(b) A member who is a school employee as defined by ORS 238A.140 and  
22 who was an active member in 10 or more calendar years before the member  
23 becomes disabled; or

24       “(c) A member who becomes disabled by reason of injury or disease sus-  
25 tained while in the actual performance of duty.

26       “(3) A disability benefit under this section shall be paid until:

27       “(a) The member is no longer disabled;

28       **“(b) The member returns to employment with any employer, in-**  
29 **cluding self-employment;**

30       **“(c) The member receives earned income in any month in an ir-**

1 **regular or unpredictable manner that exceeds 10 percent of the**  
2 **monthly salary of the member determined as of the last full month**  
3 **of employment before the disability commences;**

4 “[(b)] (d) The member attains normal retirement age under ORS 238A.160;  
5 or

6 “[(c)] (e) The member retires on or after the earliest normal retirement  
7 date for the member under ORS 238A.165.

8 “(4) A member is considered to be disabled for the purpose of this section  
9 if the member is found, after being examined by one or more physicians se-  
10 lected by the board, to be mentally or physically incapacitated for an ex-  
11 tended duration and unable to perform any work for which qualified, by  
12 reason of injury or disease that was not intentionally self-inflicted. **A**  
13 **member is not considered to be disabled and unable to perform any**  
14 **work for which qualified if the member is able to perform any job, not**  
15 **necessarily the last or usual job performed by the member:**

16 “(a) **That the member is physically and psychologically capable of**  
17 **performing;**

18 “(b) **For which the member has, or may obtain with reasonable**  
19 **training, the necessary knowledge, skills and abilities;**

20 “(c) **That the member can perform in a regular and predictable**  
21 **manner; and**

22 “(d) **For which the member could earn at least \$1,400 per month.**  
23 **On January 1 of each year, the board shall adjust the dollar amount**  
24 **provided in this paragraph to reflect any percentage increase in the**  
25 **cost of living for the previous calendar year, based on changes in the**  
26 **Consumer Price Index for All Urban Consumers, West Region (All**  
27 **Items), as published by the Bureau of Labor Statistics of the United**  
28 **States Department of Labor.**

29 “**SECTION 8. Sections 2 and 4 of this 2025 Act apply to requests for**  
30 **contested case hearings made on or after the effective date of this 2025**

1 **Act.**

2 **“SECTION 9. The amendments to ORS 238.320 and 238A.235 by**  
3 **sections 6 and 7 of this 2025 Act apply to open applications for disa-**  
4 **bility benefits or continuation of disability benefits that have not been**  
5 **referred for a contested case hearing before the effective date of this**  
6 **2025 Act.**

7 **“SECTION 10. This 2025 Act being necessary for the immediate**  
8 **preservation of the public peace, health and safety, an emergency is**  
9 **declared to exist, and this 2025 Act takes effect on its passage.”.**

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