

## SENATE SPECIAL SESSION COMMITTEE ON REVENUE

**June 12, 2002 Hearing Room A**  
**3:30 pm Tapes 01 - 04**

**MEMBERS PRESENT:**       **Sen. Ted Ferrioli, Chair**  
                                  **Sen. Joan Dukes**  
                                  **Sen. Bill Fisher**  
                                  **Sen. John Minnis**  
                                  **Sen. Cliff Trow**

**STAFF PRESENT:**         **Paul Warner, Administrator**  
                                  **Nancy Masee, Administrative Support**

**MEASURE/ISSUES HEARD:**       **Committee Rules**  
                                  **Budget Considerations**  
                                  **SB 1022 Public Hearing and Work Session**  
                                  **SB 1021 Public Hearing**

---

These minutes are in compliance with Senate and House Rules. Only text enclosed in quotation marks reports a speaker's exact words. For complete contents, please refer to the tapes.

---

<b>TAPE/#</b>	<b>Speaker</b>	<b>Comments</b>
<b>TAPE 01, A</b>		
004	Chair Ferrioli	Convenes meeting at 3:45 p.m. Presents committee rules for approval ( <b>EXHIBIT A</b> ).
015	Chair Ferrioli	Asks if there are any objections, hearing none, rules are approved. Reminds the committee that the special session has been called to deal with the revenue shortfall.
037	Paul Warner	Legislative Revenue Office (LRO). Discusses gap calculations and changes. ( <b>EXHIBIT B</b> ) Reviews the possibilities in addressing budget deficit. Reviews the June budget forecast. Reviews the state school fund \$200 million disappropriation from second special session. The \$20 million from Measure 13 is not in that.
087	Warner	Continues presentation suggesting adjustments. Refers to school appropriation, tobacco settlement, and general fund money in meeting the gap.
110	Chair Ferrioli	Asks about funds in case of a bad fire year.
112	Warner	Answers normally that would come from the general purpose E fund.
150	Sen. Trow	Asks if that takes all the E fund available.
153	Chair Ferrioli	Replies allocation of all the E fund leaves us without self insurance fund for forest fires and other necessary reserves.
154	Sen. Dukes	There is a dollar amount and Lloyds of London kicks in after that dollar amount is reached. In a recession it does not make sense to cut down to zero.
155	Chair Ferrioli	The members need to understand that utilization of the E board balance would leave us without a contingency fund for fire.
158	Sen. Dukes	Asks if the \$32 million is what is left.
160	Warner	Replies \$32 million is what is left in the general purpose E fund.
162	Sen. Trow	Asks if the ending balance converts to what is available to us at the beginning of next session. Is this 76 all of that? We would

		start out with no reserves?
165	Sen. Trow	Comments that other things go into the beginning balance besides this. It is usually bigger than that.
168	Warner	The beginning balance would specifically include any reversions that come out of the general fund. There is a strong link between what you leave as an ending balance and what you ultimately have for planning for 2003-2005.
152	Sen. Ferrioli	Comments that what Sen. Dukes' point is that if the ending balance is used entirely in allocation, you carry over nothing into the next session.
155	Sen. Dukes	Comments on what does that do to our cash flow? Local government has to have something because they rely on property taxes. I do not know whether our cash flow, federal, and other places is. They borrow.
158	Chair Ferrioli	The state treasurer made some incursions last special session. And, the legislature had to take action to prevent borrowing.
165	Minnis	Asks if there are other reserves in the E fund.
169	Warner	Answers these are the only special purpose funds I know of. Will check.
175	Minnis	Comments on the Governor's hiring freeze. Asks if savings on that have been calculated.
180	Warner	Answers that Legislative Fiscal has looked at that, but does not know of specific numbers. Vacancy rate and normal rate of attrition estimates have been made. Explains tax rate chosen. Discusses possible 75 cent cigarette tax increase. The estimate does not include the floor tax.
191	Sen. Ferrioli	Discusses the relative rates would have a negative effect on utilization.
198	Warner	Explains historical response on impact on sales. Relationship between taxed cigarettes and prices. Refers to Washington (\$1.42 tax) and California cigarette taxes.
225	Chair Ferrioli	Discusses Oregon is presently at 68 cents a pack and an additional 75 cents would bring it to \$1.43. Discusses California would go from 87 cents to 1.37 tax. Washington is \$1.42. Idaho is 28 cents a pack.
245	Warner	Discusses the 911 balance, the portion we have been working with is \$19 million. Those dollars come from the excise tax during the current biennium. Not allocated to a specific purpose this biennium. Planned usage is for equipment the following biennium. Both special sessions have passed a bill that would pull \$14 million from that balance for general purposes this biennium. Governor has vetoed both times.
260	Chair Ferrioli	Says these funds may be used for law enforcement purposes and be reduced to \$7 million.
268	Warner	The governor has agreed to \$7 million.
272	Chair Ferrioli	Comments that the \$19 million is unallocated meaning the legislature has not committed any of those dollars.
273	Sen. Minnis	Comments the law enforcement community would disagree with spending the money other than the way it is currently earmarked.
278	Sen. Dukes	Comments the public assumed it would go to 911.
286	Warner	Discusses school bill, SB 1022. Discusses different methods of borrowing and investment opportunities of funds. The bill proposes to provide a double payment on July 15, 2003 and

permit schools to accrue up to 8 percent of their state school fund appropriation this coming school year, accrue 8 percent of that July 15 payment back to this year to meet expenses that arise after the biennium ends but are accrued back to the following year. That would provide a reduction in the state budget because we operate on a cash basis. The districts operate on an accrual basis. There would be a different impact on them. The Common School Fund has \$115 million identified to statutory sources which would be unclaimed property account, which is now about \$125 million. That fund can be borrowed against. Recommend leaving \$10 million in it. Conditions of repayment are determined by the Legislature. Borrowing from the constitutional portion would be much stricter than the statutory portion.

- 340 Chair Ferrioli So the \$115 million is the statutory portion with \$10 million retained as a reserve?
- 350 Warner The \$10 is the reserve because the state is obligated to pay unclaimed property claims. The net inflow is the sale of those properties.
- 360 Chair Ferrioli If these funds were used, would the legislature determine it as a form of borrowing? Reiterates conditions stated by Mr. Warner.
- 357 Warner Explains the 4 percent corporate personal income tax surcharge which would generate \$240 million. Explains the implementation of Measure 88. Explains Measure 13 could go up to \$213 million. There will be \$278 million in the endowment fund at the end of this biennium. Transfer from the endowment fund to the state school fund would take place at the end of this biennium. Gives example of tobacco fund securitization generating \$200 million cash with a debt service cost of about \$34 million per year. Discusses beer and wine tax increase.
- 405 Sen. Dukes Asks how much is tied up in contracts.
- 439 Warner Basically \$80 million is tied up in contracts.
- TAPE 2A**
- 004 Warner Continues presentation. Explains housing reserves above “restricted” reserves required to meet certain conditions for bonds. Added together you get \$1.9 billion which is about twice the gap but some items should not be added together.
- 015 Chair Ferrioli Expresses that the purpose of the recapitulation is to focus on what is possible and what is real. Refers to the tobacco securitization that has been consistently promised to be vetoed. That is \$200 million in potential revenue. Discusses contractual obligations of agencies.
- 045 Sen. Trow Asks if Legislative Counsel has looked at possible litigation if the school fund is tapped.
- 071 Sen. Dukes Asks for the information from the Revenue Options Committee.
- 051 Warner Replies he will make that available to the committee. There is some disagreement on the constitutional and statutory portion; the statutory portion could legally be borrowed and repaid. The legislature could designate a revenue source to repay, not from the general fund.
- 063 Dukes Asks for a copy from last session.
- 071 Sen. Fisher Asks about the tobacco securitization estimate. Do we have the \$82 million in hand now? Would the \$200 be the estimate of

		what we might get in the future? What is the \$68 million? And \$40.7 million unpledged?
084	Warner	Answers the securitization would be for \$200 million available now in the current biennium to pay current obligations. It would require a diversion of that flow about \$90 million a year beginning in 2003. The 2003 amount diverted to pay off the \$200 would be \$34 million per year. The \$41 million is the amount that we estimate that would be unpledged after diverting for securitization purposes after paid off the OHSU revenue bonds. There would be \$41 million left for next biennium to allocate for general purposes.
097	Chair Ferrioli	Asks the life of the revenue bonds is ten years?
094	Warner	The durable bonds would be about eight years.
100	Chair Ferrioli	Asks if there are further questions on the worksheet. Points out the ending balance, E fund, 911 funds, common school fund, and salary freeze need more explanation.
130	Warner	Clarifies the proposal would basically allow the \$200 million disappropriation to remain in place. Change the payment schedule and accounting practices allowing \$200 million to be accrued back to this biennium.
134	Chair Ferrioli	Discusses restricted and unrestricted housing portions. All sources add up to \$1.93 billion total resources but not all are available.
142	Chair Ferrioli	Announces SB 1021 can be heard after 4:15 pm. It is now 4:20 p.m.
160	Steve Meyer	LRO Economist. Explains SB 1022 (LC 17). Addresses finance options school districts have. Section 1, change in payment schedule of state school funds to school districts. HB 4011 2 <sup>nd</sup> special session, the payment schedule was changed. Section 1 modifies that slightly. Section 4 applies to debt obligations and when they have to be repaid, extends one month. Section 5 deals with districts on accrual basis. Accrue from one fiscal year back a fiscal year not to exceed 8% of the district state school fund grant.
240	Trow	Asks if the 8% will take care of their needs.
260	Chair	Responds there was research done last special session with 40 districts on the accrual method. The consensus was that they could cope with it this year.
261	Meyer	Section 6 says on a cash basis, a negative ending balance is allowed for a fiscal year.
259	Sen. Dukes	Can they spend in June and pay in July?
260	Meyer	Yes.
273	Chair Ferrioli	We are referring to the negative ending balances.
275	Sen. Trow	Asks if it is over 8 percent what happens.
277	Meyer	Answers it does not.
280	Cindy Hunt	LCO. Discusses spending money they do not have.
292	Meyer	Continues discussing Section 4 allows the districts to do the negative ending balance and the accrual across fiscal years. Section 10 removes 4 sub b after the sunset date.
320	Chair	Comments that it is anticipated that the school districts will transcend into this. Or will the sunset date be extended.
333	Meyer	It gives them a period to try to spread additional expenditures and make up over a period of years.
316	Chair Ferrioli	Asks for any comments.

**PUBLIC HEARING SB 1022**

351 Ozzie Rose Confederation of Oregon School Administrators. Discusses school district options. Makes suggestions. Section 5 and 6 needs language to allow for the accrual for accounting purposes. Extend Tans bar to 13 months. Delete Section 4 Sub 2. Expand options for local boards. Assure that the amount advancing is included in the base 2001-2003 budget for CSL purposes for determining 2003-2005 budget. Continues suggested changes to SB 1022.

484 Sen. Minnis Asks for clarification on the base issue.

**TAPE 1B**

003 Ozzie Rose Explains how a current service level will be established in the 2003-2005 budget based on what happened previously and anticipated changes.

031 Rose What is a practical way to do this? May be done by a Budget Note. Summarizes: Delete Sec. 4 Sub. 2. Clarify current service level question. Adjust payment schedule.

052 Sen. Trow Asks if that will work for the few districts still on the cash basis.

055 Rose Answers it will vary. Describes some situations.

065 John Marshal Oregon School Boards Association. Agrees with what Mr. Rose said and with his suggestions. Suggests the districts that have to borrow may have substantial savings on the 60-day borrowing.

143 Chair Ferrioli Reiterates suggested changes.

150 Rose Comments on the IRS allowance to go to 13 months.

168 Marshal TANS issued last July are due this June 30.

175 Chair Ferrioli Any other questions? Discusses with members procedures. Closes public hearing on SB 1022. Opens Public Hearing on SB 1021.

**SB 1021 PUBLIC HEARING**

227 Chair Ferrioli Recesses for five minutes (4:55 p.m.)

228 Chair Ferrioli Reconvenes meeting at 5:05 p.m.

230 Chair Ferrioli Closes public hearing on SB 1021 and re-opens SB 1022.

**SB 1022 PUBLIC HEARING**

235 Chair Ferrioli Asks Legislative Counsel to explain sunset date in SB 1022. Asks about the 13 month window created.

257 Cindy Hunt Legislative Counsel. Responds she does not know the rationale for the sunset. That was the direction she received. It came to the Legislative Revenue office. From where she does not know.

283 Chair Ferrioli Says the statute is consistent with federal law.

285 Hunt Says this will allow the legislature to review this during a regular session.

292 Chair Ferrioli Says there is no reason not to delete section 2. Asks about a conceptual amendment.

293 Hunt Suggests how the amendment should be drafted by amending another statute.

290 Sen. Minnis Questions the “notwithstanding” language.

297 Chair Ferrioli Suggests that is a more complicated amendment.

300 Hunt Confirms that is what she is suggesting.

305 Chair Ferrioli Asks for exact language.

307 Hunt Responds on page 1, line 2, after “ORS, insert 288.165” and on page 2, line 10, delete “4, “ and delete lines 12-18, and insert a section amending ORS 288.165 that would insert the language on lines 12 to 15 in the appropriate place in the statute, subsection 5 after 4. Renumber the subsections to reflect that.

		Insert a section 4A that says the amendments to ORS 288.165 by section 4 first apply to obligations issued on or after the effective date of the act. That would take care of it.
320	Chair Ferrioli	Asks for a re-statement.
323	Hunt	Responds with correct language. Says that the new section 4a is to clarify for school districts what the new law would apply to.
240	Chair Ferrioli	Says he would accept a motion.
360	Sen. Trow	Asks to wait for the drafted amendment.
390	Steve Meyer	LRO. Talking point number three could be accomplished by a Budget Note and another bill. Item 4, would want to be applied to a total short fall. One and two are in the bill already.
419	Chair Ferrioli	Closes public hearing and opens work session on SB 1022.
<b>SB 1022 WORK SESSION</b>		
391	Sen. Minnis	Makes motion to request an amendment from legislative counsel. Moves to accept an amendment for SB 1022 that ORS 288.165 be amended as it appears in Section 4 of this bill. Legislative Counsel to adopt conforming amendments to the rest of the body.
442	Chair Ferrioli	Asks if the conceptual amendment is made today, that there be a clear record of what we have done.
<b>TAPE 2B</b>		
010	Sen. Minnis	Clarifies amendment to SB 1022 that will be a new section that will cite ORS 288.165 with the new language and the conforming amendments and renumbering the sections.
025	Chair Ferrioli	Asks if members understand the amendment is to delete the sunset that was included in the bill in the 13 month period.
<b>030</b>	<b>Chair Ferrioli</b>	<b>Hearing no objections, amendment is adopted.</b>
<b>018</b>	<b>Sen. Minnis</b>	<b>MOVES SB 1022 to floor as amended with a do pass recommendation.</b>
025	Chair Ferrioli	Says he will review the amendment and budget note language.
030	Sen. Minnis	Says they do not have authority over other committees.
038	Sen. Trow	Comments on budget note. Says there can be a statement of intent.
042	Chair Ferrioli	Says there is a motion on the floor.
053	Sen. Minnis	Comments on the legislative record and floor speeches.
055	Sen. Trow	Asks if they were going to take action on this bill. Says he will oppose the bill.
<b>027</b>	<b>Sen. Minnis</b>	<b>MOTION: Moves SB 1022 to the floor with a DO PASS AS AMENDED recommendation.</b>
<b>028</b>		<b>VOTE: 3-2</b>
		<b>AYE: 3 - Fisher, Minnis, Ferrioli</b>
		<b>NAY: 2 - Dukes, Trow</b>
	<b>Chair</b>	<b>The motion CARRIES.</b>
		<b>SEN. FERRIOLI will lead discussion on the floor.</b>
075	Chair Ferrioli	Closes work session on SB 1022 and opens public hearing on SB 1021.
<b>PUBLIC HEARING SB 1021</b>		
078	Dick Yates	LRO. Describes SB 1021. <b>(EXHIBIT C)</b> Explains changes the bill makes to Public Employees Retirement System (PERS), in particular, the mortality tables used in calculating member benefits when they do I fact retire. Section two is the on-going provisions that take effect January 1, 2003. This says that the Public Employees Retirement Board (PERB) shall prepare

		mortality tables or have the actuary do that, with the most recent data to update the mortality table. That will be done each calendar year effective January 1 of each year. Section 4 says a short term process is needed for retirees between effective date of this bill and January 1. It implements the same process. Summarizes rest of sections of the bill.
093	Sen. Dukes	Questions use of review by Supreme Court.
114	Chair Ferrioli	Says the judicial review is in addition to all others.
118	Sen. Dukes	Asks about administrative remedies.
121	David Heynderickx	Legislative Counsel. Responds to question about judicial review.
138	Sen. Dukes	Asks for clarification.
143	Heynderickx	Says the direct Supreme Court challenge is only for 60 days, then regular steps would apply.
153	Sen. Dukes	Asks if there are groups that would want that direct appeal.
158	Heynderickx	Says he was asked to draft that. Relates example of pension taxation.
170	Sen. Dukes	Says if a party wanted to delay, they would use regular process.
178	Heynderickx	Responds that parties would want a quick remedy.
180	Sen. Dukes	Asks why we would want the provision.
182	Heynderickx	Says this applies only to questions of constitutionality.
200	Chair Ferrioli	Says the issue creates a mandate on the PERS board. Says retirees would probably end up using the regular administrative process.
209	Sen. Minnis	Asks what type of legal issues might arise.
232	Chair Ferrioli	Asks for Mr. Yates to finish his presentation.
235	Yates	Refers to section 2, subsection 2, comparing the subsections a and b. Describes effective date of act is September 1.
315	Sen. Fisher	Asks what the benefit is.
316	Yates	Responds that it saves the state money. Responds that the employee doesn't lose as much if they work longer.
330	Yates	Says if the increase in life expectancy is greater, for example 12 percent increase, it will take longer to make up the difference.
349	Sen. Dukes	Asks about retiring early if life expectancy doesn't increase.
363	Yates	Says for awhile it may make a difference.
368	Sen. Dukes	Says employees may not be encouraged to work longer.
377	Yates	Says he cannot evaluate that question. States there are various factors that go into the decision to retire.
400	Sen. Trow	Asks if there are examples of people retiring showing the difference between what they can expect to get if this passes.
421	Yates	Responds he has none, but PERS has been looking at those questions.
446	Sen. Minnis	Asks about section 2, line 18, subsection b.
459	Heynderickx	Responds it is unlikely the charts will change that often. Mortality rates do not change that often.
462	Chair Ferrioli	Says they will talk with PERS later.
465	Sen. Trow	Comments that they may be able to estimate the number of retirements.
468	Sen. Minnis	Asks about Section 2, subsection b, regarding "any mortality table..."
<b>TAPE 3, A</b>		
010	Heynderickx	Says the mortality tables will not change often. Comments the language is to address Internal Revenue Code requirements to maintain tax qualification. Provides example of how

		comparative calculation will be made.
030	Sen. Minnis	Relates that the benefit would be frozen.
037	Heynderickx	Responds yes. Relates example
058	Sen. Trow	Asks about vulnerability to lawsuits.
066	Heynderickx	Says this has been a subject of discussion by the PERS Board. Relates that employee representatives have indicated they will sue over decision.
076	Sen. Trow	Asks for likelihood for success in a lawsuit.
079	Heynderickx	Says you can only guess based on the court's previous decisions. Suggests examples of previous court cases that might be related to this issue.
094	Sen. Trow	Asks if the courts threw this out, what would happen.
095	Heynderickx	Replies that attorney fees would need to be paid, administrative costs to recalculate pensions,
102	Sen. Trow	Asks if it will affect changing mortality tables in the future.
109	Heynderickx	Responds that we would only be able to make changes for new hires. Says there is already a "second tier" of mortality tables.
143	Heynderickx	Says that is the "segmented approach" already in use. Describes the segmented approach.
145	Sen. Minnis	Asks if that is for existing employees.
147	Heynderickx	Says it is for people hired after January 1, 1999.
163	Sen. Minnis	Asks if we are adjusting backwards. Discusses issue of exposure.
168	Heynderickx	Relates that younger employees will have a period where they are not gaining benefits. Says there the effect on people close to retirement will not be as great as others have said.
183	Sen. Minnis	Questions whether we will be sued if the bill passes.
202	Heynderickx	Says he would ask the interested parties.
209	Chair Ferrioli	Discusses fiscal impact of the bill.
244	Dallas Weyand	Legislative Fiscal Office. Discusses the fiscal impact. Discusses cost to PERS, including costs to process additional retirements.
345	Weyand	Discusses cost savings to employers because of reduced unfunded liability costs. Says that employer contribution rates would not be adjusted until the 2003-05 biennium.
374	Weyand	Says cost savings of \$240 million would be saved in a biennium due to reduced employer rates. Acknowledges that there will be soon be an employer rate increase.
401	Chair Ferrioli	Comments that the reduction of 2 percent is significant. It is potentially a \$1.5 billion drop in unfunded liability. \$120 million in savings per year, which means \$98 million to schools and \$28 million to state agencies.
450	Weyand	Clarifies the \$140 million is per year.
452	Chair Ferrioli	Responds that is why they are looking at the actuarial adjustment and the segmented calculation system.
455	Sen. Fisher	Asks for clarification about the per year savings.
<b>TAPE 4, A</b> 008	Weyand	Responds the per year figure is in the narrative of the fiscal impact.
013	Yates	Responds that local governments and other state funds are also affected that are not included
016	Sen. Trow	Asks for estimate for local governments.
018	Weyand	Responds he will get that for the committee.
020	Chair Ferrioli	Says other witnesses may be able to comment.



023	Maria Keltner	League of Oregon Cities and Association of Oregon Counties. Says cities and counties are struggling with PERS costs. Says they want to review bill further and work with other interested parties.
040	David Barenburg	League of Oregon Cities. Supports the need to work on PERS costs. Requests time to meet with other parties.
056	Anthony Bieda	Lane County. Discusses cost of PERS to Lane County. Says they are interested to find a remedy to costs.
065	Hasina Squires	Special Districts Association. Says about 250 special districts participate in PERS. Says she wants to meet with labor and management regarding implementation date. Recalls that school districts would prefer having a July 1 implementation date. Discusses rate reduction and pending rate increase. Expresses concern about additional litigation.
094	Sen. Fisher.	Asks for clarification about the effective date, January 01, 2003.
100	Squires	Responds yes. Clarifies they want implementation date to be July 1 for the school districts.
109	Sen. Fisher	Asks about section 1 date, do you want that changed to July 1?
111	Squires	Responds yes.
114	Chair Ferrioli	Asks about ad hoc committee membership and formation.
118	Squires	Recalls the formation of the committee around the issue of the mortality tables..
130	Chair Ferrioli	Asks if the PERS board formed the group.
131	Keltner	Responds it was set up by PERS.
134	Chair Ferrioli	Says they can ask PERS about it later.
137	Squires	Relates that there were extensive meetings and that issues from the ad hoc committee were relayed to the PERS subcommittee.
144	Sen. Trow	Asks if SB 1021 reflects the recommendations of the subcommittee.
147	Squires	Replies that there was disagreement about the approach to implementing the actuarial tables.
154	Sen. Trow	Opines that there should be more work on the bill.
156	Squires	Answers that they would be interested in minimizing litigation on this issue.
158	Keltner	Responds that the cities would like more time to review the bill.
162	Chair Ferrioli	Says that he will have PERS come back tomorrow. Reminds committee that many legislators are PERS members. Comments on employer's unfunded liability.
192	Brian DeLashumutt	Representing public employers.
200	Pat West	Oregon State Firefighters. Introduces himself and says they are representing the PERS Coalition.
204	DeLashmutt	Responds to Sen. Trow's question about whether SB 1021 represents the recommendations of the ad hoc group or subcommittees. Says the bill does not. Says that the goals are to get PERS to use the current mortality tables, cost savings, minimize exodus of public employees, reduce litigation, maintain IRS tax qualified status, and make sure implementation date is workable.
240	West	Discusses the process to discuss implementation of actuarial tables. Says the workgroup preferred the "multi-segment" approach as compared to the five year "wear away" approach. Discusses fairness for retirees. Comments on PERS Board executive sessions to discuss legality.
279	West	Says Public Employees Coalition has expressed favor for the

315	Chair Ferrioli	multi-segment approach to minimize litigation. Says this approach does save less than fiscal impact on SB 1021. Asks about difference between SB 1021 approach and the multi-segment approach.
325	West	Responds with an example.
335	DeLashmutt	Says SB 1021 is not a segmented approach. Describes the multi-segmented approach would use more than one mortality table when calculating a retirement. Says SB 1021 freezes the benefit.
358	Chair Ferrioli	Clarifies the effect of SB 1021 and the alternative approach proposed by the Coalition.
360	DeLashmutt	Responds that SB 1021 does not pass the litigation test. Comments that there are no savings if something is held in litigation for years. Says SB 1021 will cause an exodus of employees. Comments the “wear away” plan is still under consideration.
404	Chair Ferrioli	Asks what “wear away” means.
415	DeLashmutt	Says it will be described better by PERS staff tomorrow.
420	Chair Ferrioli	Responds it is an incremental approach. Relates comments he heard from the witnesses regarding implementation of new tables and cost savings.
438	DeLashmutt	Responds that there is need for change in tables
448	Chair Ferrioli	Comments on good faith involved.
<b>TAPE 3, B</b>		
003	Sen. Dukes	Asks if someone can prepare a visual document outlining the various approaches.
010	Sen. Fisher	Asks about effect of segmented plan on Sen. Minnis as a police officer.
022	DeLashmutt	Comments on effect on Sen. Minnis.
028	Chair Ferrioli	Asks if all interested parties have been consulted on their position. Comments that he does want to hear from PERS tomorrow.
035	Sen. Minnis	Asks who represents the PERS members of Portland Police Association.
040	DeLashmutt	Says he represents the sworn officers through the Police Officer’s Association.
043	Sen. Minnis	Asks whether there are opt-out provisions.
049	Chair Ferrioli	Says there are some programs.
052	Sen. Minnis	Relates programs forwarded by the American Legislative Exchange Council.
065	Chair Ferrioli	Comments on the interest and cooperation of the groups. Says there will be a public hearing and work session on SB 1021 tomorrow at 10:00 a.m. Asks that the PERS staff to testify. Adjourns at 6:45 p.m.

Submitted By,

Reviewed By,

Nancy Masee  
Administrative Support

Paul Warner  
Administrator

**EXHIBIT SUMMARY**

**A** – Committee Rules

**B-** Informational materials, Legislative Revenue (LRO), Staff 1 p

**C** – Informational materials, LRO Staff, 3 pp