

SENATE COMMITTEE ON JUDICIARY

May 11, 1999 Hearing Room 343

3:00 p.m. Tapes 174 - 175

MEMBERS PRESENT: Sen. Bryant, Chair

Sen. Courtney, Vice-Chair

Sen. Brown

Sen. Burdick

Sen. Nelson

Sen. Qutub

Sen. Tarno

STAFF PRESENT: Aaron Felton, Counsel

Anne Tweedt, Counsel

Judith Minnich, Administrative Support

MEASURE/ISSUES HEARD: SB 504 ñ Work Session

SB 722 ñ Work Session

SB 789 ñ Work Session

SB 804 ñ Work Session

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.

TAPE/#	Speaker	Comments

Tape 174, A

003	Chair Bryant	Calls meeting to order at 3:12 p.m.
<u>SB 804 WORK SESSION</u>		
029	Counsel Tweedt	SB 804 specifies the content of final orders issued by the Water Resources Department in other than contested cases. The ñ3 amendments specify that certain information must appear on the first page of that order (EXHIBIT A).
043	Sen. Courtney	MOTION: Moves to ADOPT SB 804-3 amendments dated 5/11/99.
		VOTE: 6-0 EXCUSED: 1 - Bryant
	Vice-Chair Courtney	Hearing no objection, declares the motion CARRIED.
	Sen. Courtney	MOTION: Moves SB 804 to the floor with a DO PASS AS AMENDED recommendation.
055		VOTE: 7-0
	Vice-Chair Courtney	Hearing no objection, declares the motion CARRIED. SEN. BURDICK will lead discussion on the floor.
<u>SB 722 WORK SESSION</u>		
066	Chair Bryant	Indicates there are some amendments to consider to SB 722 (EXHIBIT B). SB 722 addresses the Public Employees Retirement System (PERS). Discusses the need to keep state and school employees, including the community colleges, in the PERS system to ensure its actuarial soundness. SB 722: <ul style="list-style-type: none">• Provides a third tier for hires after January 1, 2000.• Benefits will be based on a pension funded by employer contributions and

		<p>an annuity funded by employee contributions.</p> <ul style="list-style-type: none"> • Pension benefit will be 1.35% for public safety employees and 1.00% for general services.
098	Sen. Brown	If firefighters and police retire at 55 and Social Security isn't available until they are 68 years old, won't their income drop with this bill? Asks about a 25% reduction in their PERS pension.
105	Chair Bryant	You mean a reduction during the time between 55 years and 68 years? They have a gap period now between these two ages.
107	Sen. Brown	Yes, but won't this make it worse?
108	Chair Bryant	This PERS plan is not as generous as the current plan. This tier will provide at least 50% of salary at retirement.
129	Sen. Qutub	When someone retires at fifty or fifty-five years old, they are usually able-bodied and choose to do other work. These employees do not exist yet. They will have plenty of time to make plans.
142	Chair Bryant	Many of the firemen I have known, have had other businesses even when they were actively working.
145	Sen. Brown	I don't think we should be forcing police and firefighters to be looking for other work.
148	Chair Bryant	They can also choose to keep working. This third tier will not create any immediate cost savings to employers. It will take awhile.
155	Sen. Courtney	I understand that policemen and firemen can make plans to retire and work at a different job. These are essential services and we want to be able to recruit. It is difficult work and most will retire as soon as possible. Benefits are very important.
191	Chair Bryant	<p>When you look at a career, you are looking at all the benefits. There currently seems to be an energetic, adequate group of people interested in this work. In the long run you can hire more people to do this work if you aren't paying so much for each. Creating a third tier is a small change. Discusses the computation of savings to employers over thirty years as found in a memo from Steve Delaney from the PERS System (EXHIBIT C).</p> <p>Continues to discuss the provisions of SB 722:</p> <ul style="list-style-type: none"> • Allows the lump sum withdrawal of employer contributions as well as employee contributions.

		<ul style="list-style-type: none"> • Pooling for smaller employers will be mandatory but wouldn't effect current unfunded liabilities. • Allows the employer to choose to be in variable earnings plan. • It gives certain employers the right to withdraw from the plan.
260	Counsel Tweedt	The ñ4 amendments are the same as the ñ3 amendments with the exception of prohibiting the community colleges from withdrawing from PERS (EXHIBITS D, E & F).
274	Sen. Nelson	How do the ñ4 amendments effect community colleges?
277	Chair Bryant	The ñ4 amendments make it clear that the community colleges can't opt out of the PERS system.
282	Sen. Courtney	Questions the logic of allowing certain groups to opt out of the system. The state, school districts and community colleges cannot opt out. How is the decision made as to which groups can drop out?
301	Chair Bryant	The actuarial stability of the PERS fund is the most important part of the decision. Discusses the actuarial issues.
327	Sen. Bryant	MOTION: Moves to ADOPT SB 722-4 amendments dated 5/11/99.
330	Sen. Tarno	Indicates he will support the ñ4 amendments and indicates the local employers in his district are looking closely at opting out.
343	Sen. Courtney	They can't opt out for their current employees, only future hires.
349	Sen. Nelson	Asks about the unfunded liability currently held by the cities and counties. How will this effect that?
360	Chair Bryant	They will be given a longer period of time to pay it off. If they stay in the system, the third tier would save money over time. If they opt out, it would depend on what type of plan they would choose.
368	Sen. Courtney	How many employees are there in local government units who could opt out?
375	Chair Bryant	It would be zero now, I can't say about the future hires.
389	Sen. Courtney	If all the local governmental units opted out, it wouldn't effect the PERS system stability?
390	Chair Bryant	That's what the actuary has said.

		VOTE: 6-1 AYE: 6 - Brown, Burdick, Nelson, Qutub, Tarno, Bryant NAY: 1 - Courtney
	Chair Bryant	The motion CARRIES.
400	Sen. Bryant	MOTION: Moves SB 722 to the floor with a DO PASS AS AMENDED recommendation.
		VOTE: 4-3 AYE: 4 - Nelson, Qutub, Tarno, Bryant NAY: 3 - Brown, Burdick, Courtney
	Chair Bryant	The motion CARRIES. SEN. BRYANT will lead discussion on the floor.
410	Sen. Brown	Serves notice of possible minority report.
412	Sen. Courtney	I will join Sen. Brown in the minority report.
Tape 175, A		
082	Chair Bryant	Reconvenes the meeting at 3:45 p.m.
<u>SB 789 WORK SESSION</u>		
084	Counsel Felton	Explains that SB 789 is an adoption of the Uniform Child Custody Jurisdiction and Enforcement Act. Discusses the ñ5 amendments (EXHIBIT G) .
114	Sen. Brown	MOTION: Moves to ADOPT SB 789-5 amendments dated

		5/11/99.
		VOTE: 6-0 EXCUSED: 1 ñ Qutub
	Chair Bryant	Hearing no objection, declares the motion CARRIED.
116	Sen. Brown	MOTION: Moves SB 789 to the floor with a DO PASS AS AMENDED recommendation.
		VOTE: 6-0 EXCUSED: 1 ñ Qutub
	Chair Bryant	Hearing no objection, declares the motion CARRIED. SEN. BROWN will lead discussion on the floor.
123	Chair Bryant	Adjourns meeting at 3:55 p.m.

Submitted By, Reviewed By,

Judith Minnich, Anne Tweedt,
Administrative Support Counsel

EXHIBIT SUMMARY

A ñ SB 804, -3 amendments dated 5/11/99, 2 pp

B ñ SB 722, -4 amendments dated 5/11/99, 33 pp

C ñ SB 722, written testimony from Steve Delaney, 2 pp

D ñ SB 722, -3 amendments dated 5/6/99, 33 pp

E ñ SB 722, written testimony dated May 6, 1999, PERS Coalition, 4 pp

F ñ SB 722, written testimony dated May 5, 1999, Multnomah County, 1pp

G ñ SB 789, -5 amendments dated 5/11/99, 5 pp