

HOUSE COMMITTEE ON GENERAL GOVERNMENT

May 21, 1997 Hearing Room D

1:00 P.M. Tapes 112 - 113

**MEMBERS PRESENT:**

Rep. Ken Strobeck, Chair

Rep. Dan Gardner, Vice-Chair

Rep. Jim Hill

Rep. Bob Montgomery

Rep. Kurt Schrader

Rep. Liz VanLeeuwen

Rep. Tom Whelan

**STAFF PRESENT:**

Jeri Chenelle, Administrator

Annetta Mullins, Administrative Support

**MEASURE/ISSUES HEARD:**

SB 711-A - Public Hearing and Work Session

SB 665-A - Public Hearing

SB 947-A - 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.**

<b>Tape/#</b>	<b>Speaker</b>	<b>Comments</b>
<b>Tape 112, A</b>		
003	Chair Strobeck	Calls meeting to order at 1:09 p.m. and opens the public hearing on SB 711-A.
<b><u>SB 711-A - PUBLIC HEARING</u></b>		
010	Ward Moyer	Vets/ Clackamas, testifies in support of SB 711-A:

		* allows veterans to purchase up to four years military service credit for years of military service prior to entering public service
		* ORS 248.155 allows current PERS employees the opportunity to go on active duty tour with the military, serve up to four years and upon return to PERS positions, buy back the four years
		* asking for some equity for those who served their tours in the military prior to employment with the state
		* PERS director and actuary testified in the Senate the cost would be borne by the individual who is buying back the time; it would not cost the state any money
		* thinks there is financial opportunity for the state also
		Issue discussed:
045		* why this would be considered equity
064	William Dierdorf	Testifies in support of SB 711-A ( <b>EXHIBIT D</b> ):
		* has no cost to PERS or the State of Oregon and would benefit the economy of Oregon; most people would most likely go into a second career and be contributing taxpayers
		* the higher paid employees in the PERS system generally would not benefit in their monthly payment by years of service because they would probably go out under the "money match"
		* this is not a rich-get-richer situation
		* it would be at no cost to any employer
		* new people to replace the retirees would be under Tier II
		* many people who have the skills to come in can come directly from the military and it is a good recruiting tool
		Issues discussed:
093		* rationale for wanting to put money into PERS in lieu of a retirement account; would allow retirement four years earlier
107		* advantage to the state
111		* people coming in would be under Tier II
		* effect on benefits of potential buy-back participants
132		* less cost to employers for new people coming in
151		* whether PERS retirees would also be receiving military retirement benefits
178	Chair Strobeck	Asks if someone retired from the military would be eligible to take advantage of buying back.
180	Dierdorf	Responds that would not be their recommendation.
181	Chair Strobeck	Asks if there is a prohibition in the bill.

185	Dierdorf	Cites Section 2.
	Moyer	Responds that Section 2 is for those who go on active duty and come back.
200	Pat Bowe	Testifies in support of SB 711-A ( <b>EXHIBIT A</b> ).
231	Chair Strobeck	Asks if Mr. Bowe receives military retirement.
	Bowe	Explains his personal situation, and comments this would be a terrific advantage for people.
235	Gary Wilbon	Testifies in support of SB 711-A ( <b>EXHIBIT B</b> ).
273	Wilbon	Continues presentation.
		Issues discussed:
		* whether this bill would be retroactive to retired veterans
330		* whether this would result in a higher payout
350		* whether employer would continue providing insurance benefits
370		* how SB 711-A relates to a previous bill the committee considered
398	Wilma Wells	Confederation of Oregon School Administrators, testifies in support of SB 711-A ( <b>EXHIBIT C</b> ).
<b>TAPE 113, A</b>		
029	Karl Von Tagen	Testifies in support of SB 711-A:
		* supports bill because it is an issue of fairness
		* explains employment history
		* feels he was punished because of service in military
		* reserve people don't receive benefits from military until age 60
083	Jon Mangis	Director, Oregon Department of Veterans Affairs, testifies in support of SB 711-A.
		* would apply to an individual who served in the military and later entered service under PERS
		* roughly 15 other states allow buy back for military service
		* Fred McDonnal, PERS, testified in the Senate there would be no cost to the state because the individual will pay the individual contribution plus the state's share
		* would not work for everyone; cites himself as example
		* in the 1980's at time of layoffs, this would have allowed some of those laid off to have a retirement income
		* this would be an option to allow people to retire earlier and supports the fact that new people could come into state government
126	Chair Strobeck	Asks if Mr. Mangis would have objection to adding a provision that clarified this is not somebody who is currently receiving or is eligible for

		military retirement.
134	Mangis	Responds he would personally object; explains his objections.
		Issues discussed:
		* whether SB 711-A would allow the retiree to receive four years of credit in PERS for which they are already receiving military benefits
164	Chair Strobeck	Asks if a person receiving military retirement should have the right to buy in for all four of the military years into the PERS system.
165	Mangis	Responds it would not bother him as long as the reserve forces were excluded.
173	Rep. Montgomery	Comments it is not fair for someone to come on board and get this; it is fair if they put four years in and the person is 27 years, but not if the person is getting full retirement.
184	Mangis	Responds he would not like to see those individuals excluded but if it meant the legislation would not go anywhere, then would suggest it be limited to the person who had a maximum of four years who are not in receipt of retirement pay at the time of employment.
193		Discussion continues on receiving military retirement pay and receiving credit for the same years service in PERS.
238	Chair Strobeck	Advises the committee he will propose a conceptual amendment in a work session that says that a person who is currently receiving or is eligible for military retirement does not qualify to buy the additional four years.
241	Rep. Schrader	Asks where the line should be drawn.
248	Rep. Hill	Comments he has a problem with the bill.
276	Chair Strobeck	Closes the public hearing and opens the work session on SB 711-A.
<b><u>SB 711-A - WORK SESSION</u></b>		
277	Chair Strobeck	<b>MOTION: Moves to CONCEPTUALLY AMEND SB 711A on page 1, in line 6, after "training,," insert "who is not currently receiving or eligible for federal military retirement".</b>
284	Rep. Schrader	Asks if the amendment would include all armed forces personnel or only those who saw active duty.
286	Chair Strobeck	Responds it would be all armed forces personnel other than those who are reserves who have no retirement benefits.
289	Rep. Schrader	Asks if it also includes the uniformed services.
290	Chair Strobeck	Responds he is proposing the conceptual amendment and will let Legislative Counsel use the official words. Adds that we are talking about "active service in Armed Forces of the United States..."

300	Rep. Schrader	Comments there is some direct costs to the State of Oregon and the taxpayer; they are going to retire at a higher benefit level at an earlier point in time and the taxpayers have to help fund the retirement system one way or another. Adds there is a significant fiscal impact ( <b>EXHIBIT D</b> ) and would guess the fiscal impact will go up.
323	Rep. Schrader	Comments on various special interest bills, and that he will be a no vote.
<b>334</b>		<b>VOTE: 7-0</b>
	<b>Chair Strobeck</b>	<b>Hearing no objection, declares the motion CARRIED.</b>
<b>336</b>	<b>Chair Strobeck</b>	<b>MOTION: Moves SB 711A to the floor with a DO PASS AS AMENDED recommendation.</b>
		<b>VOTE: 5-2</b>
<b>339</b>		<b>AYE: 5 - Gardner, Montgomery, VanLeeuwen, Whelan, Strobeck</b> <b>NAY: 2 - Hill, Schrader</b>
	<b>Chair Strobeck</b>	<b>The motion CARRIES.</b> <b>REP. STROBECK will lead discussion on the floor.</b>
348	Rep. VanLeeuwen	Comments she will not guarantee she will be a yes vote on the floor.
351	Chair Strobeck	Closes the work session on SB 711-A and opens the public hearing on SB 665-A.
<b><u>SB 665-A - PUBLIC HEARING</u></b>		
363	Sen. Eileen Qutub	Explains she introduced SB 665 at the request of a teacher in the Beaverton School District, Stoddart Smith, and that Mr. Smith will explain what the bill does and why it would be good and save the state, or at least the school district, some money. Adds that the Oregon Education Association (OEA) and Oregon School Administrators Association are in favor of the bill.
365	Stoddart Smith	Teacher in Beaverton School District, testifies in support of SB 665-A ( <b>EXHIBIT F</b> ).
410	Smith	Continues presentation.
<b>TAPE 112, B</b>		
020	Smith	Continues presentation.
070	Rep. Montgomery	Reads an E-Mail from a constituent who has taught for 23 years in Washington and asks if those are the people this bill would fold into PERS.

085	Smith	Responds that was not the intent of the bill. Adds they could not afford to buy in 23 years. Suggest the average person would buy in a year or two, maybe three.
093	Rep. Montgomery	Asks if there is a limitation of one year in the bill.
092	Smith	Responds he thinks the limitation would be the cost.
		Issues discussed:
		* whether there is a one-year buy-back limitation in the bill
		* what are advantages
128		Discussion is held on savings/costs to school districts.
150		Discussion is held on teacher abilities.
164	Rep. Hill	Asks if this is such a good thing, why not open the system to anyone who is a state employee and can come up with the bucks to buy as many years as they want. Adds that he will vote no on this bill.
189	Rep. Whelan	Comments he had an inquiry from a constituent who worked as a firefighter and was vested in PERS, then went to another state and has come back and is working as an administrator in the State Police, as to why he should not be allowed to buy back in. Asks why we would not want to welcome them back at no cost to the employer.
	Smith	Responds that "firefighters are not in front of children; you want the best in front of children."
209	Rep. Larry Sowa	States he came to support this bill because there are a lot of teachers traveling across state lines, and wants to give incentives to teachers to come here because they don't make as much money as in other states.
227	Peter Bock	Testifies in support of SB 665-A ( <b>EXHIBIT G</b> ).
273	Rep. VanLeeuwen	Comments on the projected savings for the Portland School District.
	Bock	Comments on the calculated savings, and that SB 665-A is an equity issue.
321	Wilma Wells	Confederation of Oregon School Administrators, testifies in support of SB 665-A ( <b>EXHIBIT H</b> ).
352	Chair Strobeck	Asks members if they have a preference in acting on SB 665-A.
350	Rep. Hill	Comments he would support opening up the PERS system to all public employees to buy in as many years as they wish.
399	Chair Strobeck	Closes the public hearing on SB 665-A and opens the work session on SB 947-A.
<b><u>SB 947- A - WORK SESSION</u></b>		
403	Jeri Chenelle	Administrator, explains the committee has a number of amendments: the

		-5 amendments refer to the boundary commission ( <b>EXHIBIT I</b> ).
396	Burton Weast	Representing Special Districts Association, testifies they have no objections to the -5 amendments, that the -6 amendments have been worked out by the counties, cities, special districts and two representatives of Metro, and asks committee to adopt the -6 amendments ( <b>EXHIBIT J</b> ).
442		* -6 amendments make clear Metro is limited to contested cases and boundary changes
		* -6 amendments require Metro to appoint a hearings officer or a three-person panel to hear the disputes, and that the three-person panel will be appointed from the list provided by the three counties with one person from each county
<b>TAPE 113, B</b>		
020	Weast	* provides that in areas outside the Metro district boundaries in the urban reserve areas, that boundary disputes will also come to Metro, but Metro's authority is limited strictly to those urban reserve areas; no one is being taxed by virtue of being included in this bill in the urban reserve area
019		* provides that Metro's decisions shall be ministerial in nature on the non-contested cases--Metro will simply process those cases, keep records of where the boundary changes were made in their GIS system
		* the system, with the -6 amendments, is that annexations in the metropolitan area will occur just like in the rest of the Oregon which means that to annex someone there must be a double majority petition--a petition of a majority of the property owners and a majority of the registered voters--and upon that petition the local government would be able to go ahead with the annexation, or there can be an election in the area to annex someone, excluding health hazard annexations.
033		* Metro would get involved if there is a dispute between governments
		Issues discussed:
068		* how process to be used in disputes is determined
098		* appointing authority for the commission
112		* effective date of legislation
		* why Lane County boundary commission is not also being abolished
143	Rep. Schrader	Comments on:
		* whether it is in the best local control interest of those outside the Metro boundary.
159		* neutral fiscal impact
209		* how an individual gets involved in the process if they are going to be annexed.
		Responds he deals with annexations on a daily basis and Rep. Schrader's

230	Weast	fears do not exist.
259	Gary Conkling	Tektronix, reminds the committee they passed SB 419 relating to industrial annexation in limited circumstances, and that SB 947 would inadvertently remove a triggering requirement that is imposed in the statute which SB 419 relates to. Adds the -5 amendments have nothing to do with the policy issues being debated; it would be a conforming amendment to grandfather in those limited industrial properties that would have been subject to those provisions in SB 419.
305		Adds that if SB 419 does not pass, the -5 amendment is not needed.
309	Rep. Hill	<b>MOTION: Moves to ADOPT SB 947A-5 amendments dated 05/21/97.</b>
		<b>VOTE: 7-0</b>
	Chair Strobeck	<b>Hearing no objection, declares the motion CARRIED.</b>
314	Chair Strobeck	Advises the members he has advanced the -7 amendment to change the date by one year, instead of July 1, 1998, it would be July 1, 1999 <b>(EXHIBIT K).</b>
322	Weast	Comments that because the -7 amendment goes through the next legislative session it does nothing because they know whatever is done will be brought back by the supporters of the boundary commission to stay alive and will have to go through this again next session. Suggest a compromise would be to change it to January 1, 1999 and if the boundary commission thinks it is not working they can come back.
319	Chair Strobeck	Asks Mr. Weast to address the concern about citizen involvement; the concern that has been expressed is that local governments all have a vested interest in a point of view and the boundary commission has a more objective forum to bring issues to.
344	Weast	Responds that no annexation process is perfect, but believes the best evidence is there is no deluge of citizen complaints about annexation in the rest of the state, and there are problems with the boundary commission process--often the hearings are not held in the community where the annexation is taking place. Most people don't go to the boundary commission hearings and would suggest there will be a lot more citizen input when the hearings are held in the community where the annexation is going to take place.
359	Schrader	Comments he likes the 1999 date if the -6 amendments are adopted, but does not see a reason to move forward with a whole separate process: the Portland Metropolitan Boundary Commission process, the SB 122 process which is going well, and thinks it is premature to get into a third process which may be moot once the SB 122 process is completed. Cites annexation of Beaver Creek to the metropolitan urban reserve boundary against their will with no vote.
402	Rep. Hill	<b>MOTION: Moves to ADOPT SB 947A-7 amendments dated 05/21/97.</b>
		Comments he appreciates Rep. Hill's motion, but does want to give Rep.



408	Chair Strobeck	Schrader the opportunity to present the -8 ( <b>EXHIBIT L</b> ) and the -9 ( <b>EXHIBIT M</b> ) amendments.
411	<b>Rep. Hill</b>	<b>WITHDRAWS HIS MOTION.</b>
413	Chair Strobeck	Comments that at the request of another member, he made the commitment that the committee would not move any other amendments today or move the bill, and will honor that and revisit the bill on Friday.
417	Chair Strobeck	Adjourns meeting at 2:58 p.m.

Submitted By, Reviewed By,

Annetta Mullins, Jeri Chenelle,

Administrative Support Administrator

**EXHIBIT SUMMARY**

**A - SB 711, prepared statement, Patrick Bowe, 1 p**

**B - SB 711, outline of comments, Gary Wilbon, 1 p**

**C - SB 711, prepared statement, Wilma Wells, 1 p**

**D - SB 711, prepared statement, William Dierdorf, 1 p**

**E - SB 711, Legislative Fiscal Statement, staff, 1 p**

**F - SB 665, prepared statement, Stoddart Smith, 4 pp**

**G - SB 665, prepared statement, Peter Bock, 3 pp**

**H - SB 665, prepared statement, Wilma Wells, 1 p**

**I - SB 947, SB 947-A5 amendments, Gary Conkling**

**J - SB 947, SB 947-A6 amendments, Burton West**

**K - SB 947, SB 947-A7 amendments, Rep. Strobeck**

**L - SB 947, SB 947-A8 amendments, Rep. Schrader**

**M - SB 947, SB 947-A9 amendments, Rep. Schrader**