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SENATE COMMITTEE ON BUSINESS, LAW, AND GOVERNMENT

May 2, 1997 Hearing Room A

1:00 P.M. Tapes 207 - 208

MEMBERS PRESENT:

Sen. Neil Bryant, Chair

Sen. Randy Miller, Vice-Chair

Sen. Kate Brown

Sen. Gene Derfler

Sen. Randy Leonard

Sen. David Nelson

STAFF PRESENT:

Brian Krieg, Administrator

Jan Nordlund, Administrator

Donna Arens, Administrative Support

MEASURE/ISSUES HEARD:

HB 2269 Public Hearing and Work Session

SB 484 Work Session

HB 2034 Public Hearing and Work Session

HB 2081 Public Hearing and Work Session

HB 2155 Public Hearing and Work Session

HB 2187 Public Hearing and Work Session

SB 665 Work Session

SB 711 Work Session

HB 876 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 207, A		
010	Chair Bryant	Opens the meeting at 1:10 p.m. and the opens public hearing on HB 2269.
<u>HB 2269 PUBLIC HEARING</u>		
011	Rep. Barbara Ross	District 35. Presents (EXHIBIT A) in support of HB 2269 A. Explains HB 2269.
026	Sen. Derfler	Asks about procedures if the spouse passes away.
034	Rep. Ross	Explains the benefits.
039	Fred McDonnal	Director, Public Employees Retirement System. Gives neutral testimony on HB 2269.
055	Chair Bryant	Asks if HB 2269 has financial impact.
059	McDonnal	States there is, which is estimated at \$150,000 per biennium for the next three years.
065		Discussion of beneficiaries.
084		Staff presents public testimony submitted prior to the meeting (EXHIBIT F).
085	Chair Bryant	Closes public hearing on HB 2269 and opens work session on SB 484.
<u>SB 484 WORK SESSION</u>		
094		Staff presents proposed -7 and -8 amendments (EXHIBIT G).
095	Brian Krieg	Committee Administrator. Explains the amendments.
104	Chair Bryant	Comments on Sen. Yih's input to the amendments.

109	Steve Telfer	Member, Management Labor Advisory Committee. Discusses the preparation of the -8 amendments.
130	Chair Bryant	Comments on Telfer's committee.
134	Sen. Brown	Asks which two people voted against the amendments.
135	Telfer	States the names.
142	Sen. Derfler	States he will vote against SB 484.
148	Chair Bryant	MOTION: Moves to ADOPT SB 484 -7 amendments dated 4/28/97.
	Chair Bryant	Hearing no objection, declares the motion CARRIED.
150	Chair Bryant	MOTION: Moves to ADOPT SB 484 -8 amendments dated 4/29/97.
154	Kevin Mannix	Attorney. Discusses the -8 amendments.
167		Discussion of the amendments.
170	Sen. Brown	Asks if the Management Labor Advisory Committee has problems with the -7 or -8 amendments.
171	Chair Bryant	States they do not.
198		VOTE: 4-2 AYE: 4 - Brown, Leonard, Nelson, Bryant NAY: 2 - Derfler, Miller
	Chair Bryant	The motion CARRIES.
205	Chair Bryant	MOTION: Moves SB 484 to the floor with a DO PASS AS AMENDED recommendation.
		VOTE: 4-2 AYE: 4 - Brown, Leonard, Nelson, Bryant NAY: 2 - Derfler, Miller
	Chair Bryant	The motion CARRIES.
207	Chair Bryant	Closes work session on SB 484 and opens public hearing on HB 2034.
<u>HB 2034</u> <u>PUBLIC</u> <u>HEARING</u>		
214		Staff presents public testimony submitted prior to the meeting and the proposed -A7 amendments (EXHIBIT H).
215	Fred	Public Employees Retirement System (PERS). Presents testimony in support of HB 2034 (EXHIBIT B). Discusses retirees and

	McDonnal	beneficiaries.
270	Chair Bryant	Asks about the interest.
273	McDonnal	States there is about \$2.7 million in interest accruing on a monthly basis.
294	Jack Solis	Secretary Treasurer, Oregon Public Retirees Incorporated and Oregon Public Retirees Litigation Fund. Supports HB 2034.
318	McDonnal	Comments on individuals under PERS who were in military service.
331	Chair Bryant	Asks for comments on differences between SB 711 and HB 2034.
338	Brian Harrington	PERS. Supports HB 2034. Discusses differences between HB 2034 and SB 711.
364	McDonnal	Discusses sections 8-11 of HB 2034. Comments on Ballot Measure 8 and employee contributions.
TAPE 208, A		
025	Maria Keltner	Association of Oregon Counties and League of Oregon Cities. Supports HB 2034. States this will make the law clearer. Discusses sections 8-11.
045	McDonnal	Discusses the language of HB 2034. Comments on employees who come into PERS after the effective date.
072	Chair Bryant	Closes public hearing on HB 2034 and opens work session on HB 2034.
<u>HB 2034 WORK SESSION</u>		
080	Sen. Derfler	MOTION: Moves to ADOPT HB 2034 -A7 amendments dated 5/2/97.
	Chair Bryant	Hearing no objection, declares the motion CARRIED.
084	Sen. Derfler	MOTION: Moves HB 2034 to the floor with a DO PASS AS AMENDED recommendation.
	Chair Bryant	Hearing no objection, declares the motion CARRIED. SEN. DERFLER will lead discussion on the floor.
086	Chair Bryant	Closes work session on HB 2034 and opens public hearing on HB 2081.
<u>HB 2081 PUBLIC HEARING</u>		
092	Fred McDonnal	Director, Public Employees Retirement System. Presents testimony in support of HB 2081 (EXHIBIT C). Explains who would be affected by HB 2081 and discusses employee contributions.

150	McDonnal	Refers to charts in the exhibit.
155	Sen. Leonard	Asks why the benefit limit was not repealed.
160	McDonnal	States he does not know.
157		Discussion of the limit.
170	Sen. Derfler	Asks about this being approved by the public.
173	McDonnal	Explains the statute indicates withholdings.
186	Sen. Leonard	Asks if there was a similar measure in the last session.
190	McDonnal	Explains the related measures.
193		Discussion of retirees who now face limits.
210	McDonnal	States employers would pay the administrative fee.
234	Chair Bryant	Closes the public hearing on HB 2081 and opens work session on HB 2081.
<u>HB 2081 WORK SESSION</u>		
236	Sen. Leonard	MOTION: Moves HB 2081 to the floor with a DO PASS recommendation.
	Chair Bryant	Hearing no objection, declares the motion CARRIED. Sen. LEONARD will lead discussion on the floor.
250	Chair Bryant	Closes work session on HB 2081 and opens public hearing on HB 2155.
<u>HB 2155 PUBLIC HEARING</u>		
258	Fred McDonnal	Director, Public Employees Retirement System. Supports HB 2155. Explains the effects of HB 2155.
275	Sen. Derfler	Asks about contributions.
278	McDonnal	Explains the status of temporary employees.
281	Maria Keltner	Association of Oregon Counties and League of Oregon Cities. Supports HB 2155.
287	Chair Bryant	Comments on a similar measure in the House.
300	Karen Roach	Assistant Director, Human Resources, Department of Corrections. Presents testimony in support of HB 2155 (EXHIBIT D). Comments on a similar measure in the House.
335	Chair Bryant	Closes public hearing on HB 2155 and opens work session on HB 2155.

<u>HB 2155</u> <u>WORK</u> <u>SESSION</u>		
338	Chair Bryant	MOTION: Moves HB 2155 to the floor with a DO PASS recommendation.
	Chair Bryant	Hearing no objection, declares the motion CARRIED. SEN. NELSON will lead discussion on the floor.
335	Chair Bryant	Closes work session on HB 2155 and opens public hearing on HB 2187.
<u>HB 2187</u> <u>PUBLIC</u> <u>HEARING</u>		
355	Linda Haglund	Oregon State Treasury. Presents testimony in support of HB 2187 (EXHIBIT E). Refers to diagram in the exhibit.
413	Chair Bryant	Asks why Congress made the change.
415	Haglund	Explains non-qualified plans.
452	Sen. Nelson	Comments on a 1996 federal minimum wage bill.
454	Haglund	Comments on impacts. States the tax-deferred status will be lost unless plans currently under existence complete the change by 1/1/99.
472	Chair Bryant	Comments on voluntary contributions.
474	Sen. Nelson	Asks about the small business owner.
481	Haglund	Comments on unrelated changes.
TAPE 207, B		
047	Nancy Crandall	Administrator, Deferred Compensation Division, Public Employees Retirement System. Presents testimony in support of HB 2187 (EXHIBIT J).
053	Chair Bryant	Closes public hearing on HB 2187 and opens work session on HB 2187.
<u>HB 2187</u> <u>WORK</u> <u>SESSION</u>		
055	Sen. Brown	MOTION: Moves HB 2187 to the floor with a DO PASS recommendation.
	Chair Bryant	Hearing no objection, declares the motion CARRIED. SEN. BROWN will lead discussion on the floor.
068	Chair Bryant	Closes work session on HB 2187 and opens work session on HB 2269.

<u>HB 2269 WORK SESSION</u>		
070	Chair Bryant	Summarizes the effects of HB 2269.
090	Sen. Brown	Asks about the beneficiary.
089	Fred McDonnal	Director, Public Employees Retirement System. Discusses the survivor option.
115	Sen. Leonard	Asks about benefit levels.
123		Discussion of survivor benefits.
143	Sen. Brown	Comments on beneficiary options.
152	McDonnal	Explains the way the benefits are distributed based upon age.
162	Sen. Brown	Asks about age and gender being a factor.
189	McDonnal	Clarifies what is affected by HB 2269.
200	Sen. Brown	States that it is discriminatory to use gender as a factor to set beneficiary rates when it is not allowed in calculation of insurance rates.
247	Sen. Leonard	Asks about having money left over.
251	Mark Johnson	Milliman and Robertson. Answers Sen. Leonard's question. Explains the retirement charts used for figuring the rates of benefits.
280	Sen. Brown	MOTION: Moves HB 2269 to the floor with a DO PASS recommendation.
	Chair Bryant	Hearing no objection, declares the motion CARRIED. SEN. BROWN will lead discussion on the floor.
290	Chair Bryant	Closes work session on HB 2269 and opens work session on SB 665.
<u>SB 665 WORK SESSION</u>		
331		Staff presents -1 amendments to SB 665 (EXHIBIT K).
332	Mark Johnson	Milliman and Robertson. Comments on agreements between different teacher retirement systems
335	Sen. Leonard	Asks why this would not apply to all employees.
345	Johnson	States there is no trust fund impact for SB 665. Comments on teaching retirement systems across the country.
375	Sen. Leonard	Comments on incentives for people.
380	Johnson	Explains many issues have been considered, such as portability.

400	Chair Bryant	Suggests any amendment be introduced as a new measure.
427	Sen. Brown	Comments on the issues.
443	Chair Bryant	MOTION: Moves to ADOPT SB 665 -1 amendments dated 4/29/97 and that the measure be FURTHER AMENDED on page 1, line 26, by inserting "as defined in ORS 342.120 (9)" after "teachers."
477	Chair Bryant	Hearing no objection, declares the motion CARRIED.
TAPE 208, B		
035		Discussion of possible further amendments.
042	Chair Bryant	MOTION: Moves SB 665 to the floor with a DO PASS AS AMENDED recommendation.
	Chair Bryant	Hearing no objection, declares the motion CARRIED. SEN. QUTUB will lead discussion on the floor.
045	Chair Bryant	Closes work session on SB 665 and opens work session on SB 711.
<u>SB 711 WORK SESSION</u>		
046		Staff presents -1 amendments to SB 711 (EXHIBIT I).
046	Chair Bryant	Describes SB 711.
060	Jan Nordlund	Committee Administrator. Comments on the -1 amendments.
065	Sen. Brown	MOTION: Moves to ADOPT SB 711 -1 amendments dated 4/29/97.
067	Nordlund	Explains the -1 amendments.
077	Chair Bryant	Comments on the financial costs.
089	Chair Bryant	Hearing no objection, declares the motion CARRIED.
091	Sen. Brown	MOTION: Moves SB 711 to the floor with a DO PASS AS AMENDED recommendation.
	Chair Bryant	Hearing no objection, declares the motion CARRIED. SEN. SHANNON will lead discussion on the floor.
098	Chair Bryant	Closes work session on SB 711 and opens work session on SB 876.
<u>SB 876 WORK SESSION</u>		
105	Sen. Brown	Comments on SB 876 as being a disincentive to return to work.
115	Fred	Public Employees Retirement System. Comments on PERS benefits.

	McDonnal	
136	Sen. Brown	Discusses employees who have disabilities.
144	Chair Bryant	Comments on the Workers' Compensation benefits.
152	McDonnal	Discusses disabilities. Comments on the uncertainty of the intent of SB 876.
169	Sen. Brown	Asks about the retirement system.
173	McDonnal	Explains PERS benefits and workers' compensation.
181	Sen. Brown	Asks if the disability term could be narrowed down.
188	McDonnal	Explains currently disability could be work related or otherwise.
198		Discussion of possible procedures for SB 876.
208	Chair Bryant	Closes work session on SB 876 and adjourns meeting at 2:45 p.m.

Submitted By, Reviewed By,

Donna Arens, Jan Nordlund,

Administrative Support Administrator

Transcribed By, Reviewed By,

Jennifer Peck, Brian Krieg,

Administrative Support Administrator

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EXHIBIT SUMMARY

A - SB 2269, written testimony, Rep. Ross, 1 p

B - HB 2034, written testimony and chart, Fred McDonnal, 10 pp

C - HB 2081, written testimony, chart and data, Fred McDonnal, 7 pp

D - HB 2155, written testimony, Karen Roach, 1 p

E - HB 2187, written testimony and charts, Linda Haglund, 6 pp

F - HB 2269, public letter submitted prior to meeting, staff, 1 p

G - SB 484, proposed -7 and -8 amendments, staff, 16 pp

H - HB 2034, public letter submitted prior to meeting and proposed -A7 amendments, staff, 2 pp

I - SB 711, proposed -1 amendments, staff, 1 p

J - HB 2187, written testimony, data, charts and pamphlet, Nancy Crandall, 16 pp

K - SB 665, proposed -1 amendments, staff, 1 p
