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PUBLIC HEARING & WORK SESSION: HB 3349B
TAPES 1A-2A

SPECIAL SENATE COMMITTEE ON PERS TAXATION

JUNE 6, 1995 - 2:00 P.M. - HEARING ROOM A - STATE CAPITOL BUILDING

Members Present: Sen. Paul Phillips, Chair
 Sen. Shirley Gold
 Sen. Gene Derfler

Witnesses: Rep. John Schoon, House District #34
 Mark Gibson, Office of the Governor
 Elizabeth Harchenko, Special Counsel to Attorney General
 Sen. Randy Leonard, Senate District #9
 Marge Kafoury, City of Portland
 Tom Chamberlain, Portland Firefighters
 Jeff Barker, Portland Police
 Paul Snider, Association of Oregon Counties
 Vickie Totten, Oregon School Boards Association
 Maria Keltner, League of Oregon Cities
 Jack Sollis, PERS Retiree
 Mari Anne Gest, OPEU
 Mary Botkin, ASME Council 75
 Stephanie Holmes, Oregon School Employees Association
 Don Satchel, Oregon Education Association
 Fred McDonald, PERS
 Bob Anders, PERS
 Joe Gray, Portland Retired Firefighters

Staff: James Scherzinger, Legislative Revenue Officer
 Richard Yates, Legislative Revenue Office
 Janice DeVito, Committee Assistant

TAPE 1 - SIDE A

005 Chair Phillips -calls the meeting to order at 2:15 pm

HB 3349B PUBLIC HEARING/INVITED TESTIMONY

008 Rep. John Schoon -House District #34

 -encourages support of HB 3349B "to get the PERS matter settled"

 -introduces and states support for Proposed (-12) Amendments to HB 3349B

(Exhibit A) which apply to firefighters and police who are outside the PERS

system

 -urges no further additions to the measure which would lead to problems or

veto on the floor

028 -in response to question from Sen. Derfler, explains that Proposed

 (-12) Amendments to HB 3349B are intended to "keep the firefighter and the

police in the same relative position as PERS retirees if the bill passes"

 -discussion and questions

047 Mark Gibson -Governor's Office, Policy Advisor for Health Care and Human

Resources and Labor

-expresses Governor's support for bill with no amendment from its current form as it pertains to sick leave issues and or to the linkage of benefit rates to tax rates

060 -comments on expected ruling from the Supreme Court in time for anticipated special session

066 -in response to question by Chair Phillips, states "if tax rates were lowered, that would be the time to address this issue specifically"

088 Elizabeth Harchenko -Special Counsel to the Attorney General
-states that passage of HB 3349B does not resolve every issue in the pending court case, but assists in possible resolution

093 -in response to question from Sen. Derfler, explains major issues in the pending court case, especially the relationship between a state and local government

116 -discussion of legislative action on prior PERS issues, and solution in HB 3349B which recognizes the state's responsibility

139 Harchenko -summarizes solutions in HB 3349B which provides a retrospective benefit increase, benefit increase to offset taxation, and a prospective benefit increase so long as taxation continues
-questions and discussion about impact on the general fund, and implication from the Hughes decision

169 Gibson -comments on the issue of state mandating costs to local governments

177 Harchenko -in response to question from Sen. Derfler, explains status of the very recent Oregon Supreme Court decision on Ragsdale versus Dept. of Revenue
-states potential for petition to the U.S. Supreme Court to review the decision

190 -questions and discussion

212 Harchenko -in response to question by Sen. Derfler, clarifies that the retirement fund can only be used for retirement benefits

220 -concur with Proposed (-12) Amendments to HB 3349B as adequate to achieve the policy goal with no creation of risk

249 Sen. Randy Leonard -Senate District #9
-presents historical perspective of PERS issue beginning with 1973 legislative action to require firefighters and police officers to participate unless they have retirement plans that are "equal to or better than"

286 -states support for the Proposed (-12) Amendments to HB 3349B (Exhibit A)

and that there will be no impact on the general fund of the City of Portland

280 -questions and discussion about rationale for amendment

309 Marge Kafoury -City of Portland
-objects to solution embodied in HB 3349B estimated to cost \$5 million to taxpayers of the City of Portland
-states neutral position on Proposed (-12) Amendments to HB 3349B

326 Tom Chamberlain -Portland Firefighters
-states unanimous support from Portland Police Fire and Disability Board for Proposed (-12) Amendments

330 Jeff Barker -Portland Police
-comments that retired policemen "need this increase"

348 -questions and discussion

367 Paul Snider -Association of Oregon Counties
-introduces conceptual technical amendment to HB 3349B (Exhibit B) to conform the bill to ruling of Judge Rhodes in Marion County regarding taxation of benefits

TAPE 2 SIDE A

024 Vickie Totten -Oregon School Boards Association, Legislative Advocate
-see documentation submitted as Exhibit C and D regarding local governments not being directly responsible for breach of contract to their employees
-testifies in support of AOC conceptual amendment (Exhibit B)

044 Maria Keltner -League of Oregon Cities
-opposes HB 3349B provisions which "shift the cost of the remedy for taxation to the cities"
-comments in opposition of the Proposed (-12) Amendments to HB 3349B which "go well beyond creating or crafting a remedy for what the court ordered"

080 -questions and discussion of "equal to or better than" plans and effect of Proposed (-12) Amendments

125 Jack Sollis -PERS Retirees
-distributes supporting documentation from John Faust, class action

attorney (Exhibits E and F)
 -states strong support for measure as written, and sees legislation as a
 "final solution to a very difficult problem"
 -suggests that special session in January would provide opportunity for
 adjustment to HB 3349B
 160 Mari Anne Gest -Oregon Public Employees Union
 -states support for measure and Proposed (-12) Amendments as a practical
 solution to a long-term problem
 166 Mary Botkin -ASME Council 75
 -concurrs with support for measure and Proposed (-12) Amendments
 169 Stephanie Holmes -Oregon School Employees Association
 -concurrs with support for measure and Proposed (-12) Amendments
 171 Don Satchel -Oregon Education Association
 -supports HB 3349B as the best solution to resolve a difficult problem
 185 Fred McDonald -PERS, Director
 -testifies in support of the solution provided by HB 3349B and states that
 "the system stands ready to implement this bill"
 210 -questions and discussion about amendments, effect on past and present
 retirees, and whether amendments might jeopardize the bill
 225 Harchenko -cites current statute relating to "equal to or better than"
 plans for police and firefighters
 252 -states that Proposed (-12) Amendments to HB 3349B would eliminate
 uncertainty
 258 Bob Anders -PERS
 -concurrs with Harchenko assessment
 264 Joe Gray -Portland Retired Firefighters
 -states understanding that measure without the amendment would not cover
 retired firefighters
 HB 3349B WORK SESSION
 283 Chair Phillips -states position in favor of the Proposed (-12) Amendments
 to HB 3349B (Exhibit A)
 290 Sen Gold -MOVES ADOPTION OF THE PROPOSED (-12) AMENDMENTS TO HB 3349B
 298 Chair Phillips -HEARING NO OBJECTION, THE CHAIR SO ORDERS
 300 -discussion
 313 Chair Phillips -MOVES ADOPTION OF HB 3349B AS AMENDED TO THE FLOOR WITH A
 DO PASS RECOMMENDATION
 -HEARING NO OBJECTION, THE CHAIR SO ORDERS
 (Carrier of the measure: Senator Derfler)
 338 Chair Phillips -adjourns the committee at 3:05 pm

Janice DeVito
 Committee Assistant

Kimberly Taylor James
 Office Manager

Exhibits Summary:

- A. HB 3349B, Yates, Proposed (-12) Amendments to HB 3349B (DH/hr) 6/3/95
- B. HB 3349B, Snider, proposed conceptual amendment, 6/6/95
- C. HB 3349B, Totten, memorandum from Oregon School Boards Association, 6/2/95
- D. HB 3349B, Totten, correspondence from Miller, Nash, Wiener, Hager & Carlsen, 3/9/95
- E. HB 3349B, Faust, testimony from Schwabe, Williamson & Wyatt 5/24/95
- F. HB 3349B, Faust, testimony from Schwabe, Williamson & Wyatt, 5/19/95
- G. HB 3349B, Yates, Staff Measure Summary/Joint Ways & Means Committee, Fiscal Analysis and Revenue Impact
- H. HB 3349B, Yates, History of Retirement Taxation Issue, Legislative Revenue

Office

- I. HB 3349B, Yates, Potential Liability of Retirement Income Cases, LRO 6/6/95