

These minutes contain materials which paraphrase and/or summarize statements made during this session. Only text enclosed in quotation marks

report a speaker's exact words. For complete contents of the proceedings, please refer to the tapes.

HOUSE COMMITTEE ON LABOR

June 6, 1991Hearing Room D 8:30 a.m.Tapes 165 - 166

MEMBERS PRESENT:Rep. Gene Derfler, Chair Rep. Kevin Mannix, Vice-Chair Rep. Sam Dominy Rep. Jim Edmunson Rep. Rod Johnson Rep. Bob Repine Rep. John Watt

STAFF PRESENT: Victoria Dozler, Committee Administrator Johanna Klarin, Committee Assistant

MEASURES CONSIDERED: HB 3584 SB 632 SB 656

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TAPE 165, SIDE A

003 CHAIR DERFLER: Calls the hearing to order. (8:30 a.m.)

WORK SESSION ON HB 3584

008 VICTORIA DOZLER, COMMITTEE ADMINISTRATOR: Submits amendments & describes changes proposed, (EXHIBIT A).

019 MOTION: REP. MANNIX MOVES THE ADOPTION OF THE (-2) AMENDMENTS TO HB 3584.

020 VOTE: HEARING NO OBJECTION THE MOTION CARRIES.

REP. MANNIX: When talking about the 15 day rule, we don't mean an appealable order, we just mean an order moving things along.

To me the term "issues" means that the order is mailed to the parties.

REP. EDMUNSON: You might, as a friendly amendment, use the word "mails" instead of "issues".

042 MOTION: REP. MANNIX MOVES THAT THE (-2) AMENDMENTS BE AMENDED ON LINE 4, REPLACE "ISSUES" WITH "MAILS", AND "ISSUED" WITH "MAILED" WHEREVER THEY APPEAR.

052 VOTE: HEARING NO OBJECTION THE MOTION CARRIES.

071 MOTION: REP. MANNIX MOVES THE LANGUAGE "ANY MEDICAL ARBITER REPORT MAY BE RECEIVED AS EVIDENCE AT A HEARING EVEN IF THE REPORT ISN'T PREPARED IN TIME FOR USE IN THE RECONSIDERATION PROCEEDINGS" BE ADOPTED.

074 VOTE: HEARING NO OBJECTION THE MOTION CARRIES.

093 MOTION: REP. MANNIX MOVES THAT ON LINE 8, AFTER "DENIED", INSERT ", WITH AFFIRMANCE OF THE NOTICE OF CLOSURE OR DETERMINATION ORDER".

098 REP. MANNIX: I will withdraw my motion.

101 MOTION: REP. MANNIX MOVES HB 3584 AS AMENDED TO THE FLOOR WITH A DO PASS RECOMMENDATION.

103 VOTE: IN A ROLL CALL VOTE THE MOTION CARRIES UNANIMOUSLY.

PUBLIC HEARING ON SB 632 Witnesses: Steve Rhodes, City Manager, City of Tualatin Sheryl Wilson, Director, Public Employees Retirement System, (PERS)

113 STEVE RHODES, CITY MANAGER, CITY OF TAULITAN: SB 632 allows an organization to take in 2 PERS less than the entire organization.

125 SHERYL WILSON, DIRECTOR, PUBLIC EMPLOYEES RETIREMENT SYSTEM, (PERS): There is no fiscal impact as a result.

REP. REPINE: Is there some incentive to offering a "carrot" for those that don't want to join?

WILSON: That is an option and would clearly indicate your intent.

REP. REPINE: The people should realize that the door might not be left wide open for them.

155 MOTION: REP. EDMUNSON MOVES THE BILL TO THE FLOOR WITH A "DO PASS" RECOMMENDATION.

159 VOTE: IN A ROLL CALL VOTE THE MOTION CARRIES. MEMBERS VOTING NO: REP. REPINE

PUBLIC HEARING ON SB 656 Witnesses: Don Satchell, Oregon Education Association, Coalition of Public Employees Mari Anne Gest, Oregon School Employees Association Mark Nelson, Association of Oregon Facilities Jack Sollis, Oregon PERS Retirees PAC Judy Goldstein, Personnel Analyst, City of Springfield Beulah Hand, Milwaukie, Oregon James Larson, President, Oregon Association of Private Retirees Dick Briggs, Government Affairs Coordinator, Eugene Area Chamber of Commerce Barbara Clark, Elected Auditor, City of Portland & PERS Beneficiary Ted Demess, Legislative Chairperson, Oregon Council of Federal Related Organizations

167 VICTORIA DOZLER, COMMITTEE ADMINISTRATOR: We do have the (-A13) amendments, (EXHIBIT B); this bill is meant to offset the tax being levied in HB 2352 against state and local retirees at approximately 9.89%.

DOZLER: Details the bill.

196 DON SATCHELL, OREGON EDUCATION ASSOCIATION, COALITION OF PUBLIC EMPLOYEES: Testifies in support of SB 656; submits (EXHIBIT C and B).

The amendments have the agreement of leadership on both sides and are a reasonable solution to a problem we have at this time.

The bill provides a sliding schedule of adjustments for the current payment that an individual will receive.

The bill provides an opportunity for an expedited hearing before the supreme court of Oregon to resolve the question.

219 SATCHELL: Third the bill provides the emergency clause so that the payments can begin immediately to reflect the tax that will begin January 1, 1991; the tax will be retroactive.

Details (Exhibit C & D).

330 REP. JOHNSON: Would you give me a figure of the people who fall above and below the line, who are going to be hurt?

SATCHELL: No I don't have those figures.

378 MARI ANNE GEST, OREGON SCHOOL EMPLOYEES ASSOCIATION: We are comfortable with this bill as it is as a starting point.

393 MARK NELSON, ASSOCIATION OF OREGON FACILITIES: Discusses supreme court ruling; the leadership is concerned about what the supreme court will do and this allows for a productive, constructive, efficient way to resolve the issue.

If the supreme court rules there was not a contract, the benefit would continue to apply.

SATCHELL: This is a program you can enact and there will still be a reduction in the cost to the state, cities and schools on what they are paying.

TAPE 166, SIDE A

043 REP. REPINE: Do you know if the leadership will testify in support of this bill?

NELSON: Not that I know of.

080 REP. JOHNSON: Are you buying some insurance so that if the you lose at the supreme court you'll still have something to fall back on?

NELSON: Yes, we are taking considerably less than we believe it should be.

We obviously feel strongly that the contract issue is there; if we tried to solve that the dollar amount would be quite different then what we are suggesting today.

102 SATCHELL: If the just rely upon the courts, it may be years and there are some people who need to retire in the next couple of years, for example, for medical reasons.

REP. JOHNSON: This bill would be retroactive to January 1, 1991?

NELSON: That is correct.

135 NELSON: The reason for the emergency clause is to avoid the referendum which we believe the federal retirees will try to do.

GEST: Another reason for the emergency clause is to get to the supreme court to quickly resolve this issue.

230 JACK SOLLIS, OREGON PERS RETIREES PAC: Testifies in support of SB 656.

Opposes taxation of retirement benefits; discusses issue.

266 SOLLIS: If you want a tax break for low income retirees, make it simple, based on tax credit vs. tax owed.

345 SOLLIS: Explains the reason for 1991 date.

Section 15 isn't worded properly to cover the issues; the issue isn't if you can tax us, but if you have to make us whole if you tax us.

375 REP. EDMUNSON: Agrees with Mr. Sollis with this point.

SOLLIS: It has to be made more clear; that is only one of the issues.

395 REP. EDMUNSON: Should there be some equitable authority of the supreme court to make an adjustment?

SOLLIS: Authority to determine if the state is required to make the retirees whole if they have the authority to tax them.

REP. JOHNSON: Agrees that people relying solely on retirement need protection against higher taxes; on the other hand, I'm not sure this bill changes anything.

TAPE 165, SIDE B

056 JUDY GOLDSTEIN, PERSONNEL ANALYST, CITY OF SPRINGFIELD: Testifies in opposition to SB 656; submits written testimony, (EXHIBIT E.)

095 BEULAH HAND, MILWUAKIE OREGON: Testifies in opposition to SB 656.

I think that the emergency clause should be removed so that people can have a chance to refer this if they want to.

I think that both 2352 & SB 656 should be "killed" this session because legislators have waited to long; all the retirees are involved with Measure 5.

Suggests a non-legislative committee to look at this issue.

236 JAMES LARSON, PRESIDENT, OREGON ASSOCIATION OF PRIVATE RETIREES: Testifies in opposition to SB 656; Submits written testimony, (EXHIBIT F).

Tax equity for private retirees is long overdue.

300 DICK BRIGGS, GOVERNMENT AFFAIRS COORDINATOR, EUGENE AREA CHAMBER OF COMMERCE: I am here to answer questions; whatever solution you come up with has to have equity.

The emergency clause shouldn't be included.

310 LARSON: Discusses the intent of the benefit of tax exemption for public retirees.

Compares private and public retirement plans, cost of living increases, etc.

375 BARBARA CLARK, ELECTED AUDITOR, CITY OF PORTLAND & PERS BENEFICIARY:
Even as amended the cost of SB 656 is higher than what the City of Portland is anticipating to continue employing its full component to fire fighters.

If this is enacted we are looking at spreading the existing employees thinner.

425 CLARK: I would look into why we would grant this incredible benefit; I don't think the state has trouble recruiting employees and this pension benefit isn't necessary.

450 TED DEMESS, LEGISLATIVE CHAIRPERSON, OREGON COUNCIL OF FEDERAL RELATED ORGANIZATIONS: Testifies in opposition to the emergency clause.

SB 656 has two elements that aren't acceptable to our members.

First is the section that contains the "so-called" emergency clause & second, any language that speaks to benefit increase to current employees when they retire in the future.

TAPE 166, SIDE B

065 DEMESS: Suggests amending the bill by removing the emergency clause, reducing the pending amount to 15.1 million and not accepting any amendments to provide funds to increase retirement benefits of current employees.

If requests aren't accepted, we recommend that SB 656 not be passed by this committee.

072 CHAIR DERFLER: Adjourns the meeting. (10:00 a.m.)

Submitted by, Reviewed by,

Johanna Klarin Victoria Dozler Assistant Administrator

EXHIBIT SUMMARY:

A - HB 3584: (-A13) amendments submitted by staff, pp 1 B - SB 656: (-2) amendments submitted by staff, pp 6 C - SB 656: Informative material submitted by SATCHELL, pp 1 D - SB 656: Informative material submitted by SATCHELL, pp 1 E - SB 656: Written testimony submitted by GOLDSTEIN, pp 2 F - SB 656: Written testimony submitted by LARSON, pp 2 G - SB 656: Informative material submitted by staff, pp 6