

RETIREMENT NEWS YOU CAN USE!

GOVERNOR'S PERS TASK FORCE RELEASES REPORT

The Oregon PERS Task Force released its final recommendations on November 1st. The task force was instructed by Governor Brown to generate \$5 billion to pay down a portion of PERS' \$25 billion unfunded actuarial liability (UAL). The recommendations from the group will likely inform and shape legislation in the 2018 short session.

Recommendations include:

- Reduce excess risk capital across state-controlled entities (\$750 million - \$1.5 billion). Create a new PERS investment fund for non-state employers (unknown revenue generation).
- SAIF Corporation (\$500 million or more.
 1. Transfer SAIF surplus capital to PERS or require investment in state notes for PERS.
 2. Require payments to PERS instead of payment of excise taxes or allocate future dividends to PERS.
 3. Sell SAIF to policyholders or investors.
- Dedicate unanticipated revenue to PERS (\$1.2 billion or more.
- Unclaimed property revenue (\$200 million or more.
 1. Undertake harvests on federal land and negotiate with the federal government to dedicate a portion of revenues to offsetting PERS costs.
 2. Increase the amount that private land-



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owners pay toward fire suppression costs to save General Fund money that could be redirected to PERS.

3. Increase the fee charged by the state when issuing future water rights.
- Increase lottery revenue (\$175 million or more.
 - Rainy Day Fund (\$200 million.
 - Early sunseting of Enterprise Zones and Ur-

ban Renewal districts.

The PERS UAL Task Force's recommendations total \$4.2 to \$6.4 billion dollars. The feasibility of each option varies significantly, but we expect several of the above concepts to be introduced as legislation in the 2018 session under the pretense of lowering PERS costs.

LOOKING AHEAD TO THE 2018 SESSION

OPRI to Introduce Legislation for Tax Remedy Payment Fix

OPRI will carry on with the effort to introduce legislation for an Income Tax Remedy Payment fix. In 1991, the Oregon Supreme Court held that a tax on retiree benefits is a breach of the PERS contract. As a result, PERS recipients receive an income tax payment to cover the cost of the tax. Only in-state retirees qualify for the tax remedy payment. However, a small subset of retirees are mistaken as 'out of state' and do not receive their remedy payment, including those who move back to Oregon after the January 1st deadline to prove residency or those who may be overwhelmed by a major life event and miss the residency filing deadline. The PERS Board does not have authority to restore the tax remedy after their January 1st meeting, nor can it make retroactive payments to a retiree who provides proof that he or



she is eligible for the tax remedy payment.

Retirees must have a pathway to prove their eligibility for the income tax remedy payment. OPRI's lobby team has been working with Representative John Lively (D - Springfield) to sponsor this bill in the 2018 legislative session.