

SB 1566-A11
(LC 248)
3/1/18 (MNJ/ps)

Requested by JOINT COMMITTEE ON WAYS AND MEANS

**PROPOSED AMENDMENTS TO
A-ENGROSSED SENATE BILL 1566**

1 On page 1 of the printed A-engrossed bill, line 3, after “visions;” delete
2 the rest of the line and insert “amending section 31, chapter ___, Oregon
3 Laws 2018 (Enrolled Senate Bill 1529); repealing sections 31a and 31b, chap-
4 ter ___, Oregon Laws 2018 (Enrolled Senate Bill 1529); and prescribing an
5 effective date.”.

6 In line 13, delete “section 2” and insert “sections 2 and 26”.

7 On page 2, line 5, after “payment” insert “of at least \$25,000”.

8 In line 10, delete “\$_____.” and insert “the greater of:

9 “(A) Five percent of the unfunded actuarial liability attributable to the
10 employer, as determined in the most recent report prepared under ORS
11 238.605; or

12 “(B) \$300,000.”.

13 After line 18, insert:

14 “(d) A requirement that the participating public employer participate in
15 the Unfunded Actuarial Liability Resolution Program to develop a plan un-
16 der section 26 of this 2018 Act.”.

17 After line 40, insert:

18 “(7) The board may use moneys in the Employer Incentive Fund for rea-
19 sonable administrative costs incurred under this section.”.

20 On page 3, line 4, after “payment” insert “from moneys not borrowed by
21 the employer”.

1 In line 26, after “291.349,” delete the rest of the line and delete lines 27
2 through 30 and insert “to the School Districts Unfunded Liability Fund es-
3 tablished in section 24 of this 2018 Act. The department shall coordinate the
4 transfer of amounts required under this section at least once in each
5 biennium.”.

6 Delete lines 39 through 45.

7 On page 4, delete lines 1 through 23 and insert:

8

9 **“PROCEEDS FROM CAPITAL GAINS TAX**

10

11 **“SECTION 13. (1) Not earlier than July 1 and not later than October**
12 **1 of the years 2019, 2021 and 2023, the division of the Oregon Depart-**
13 **ment of Administrative Services that serves as office of economic**
14 **analysis shall:**

15 **“(a) Calculate the rate of change in the tax liability from personal**
16 **income taxes on taxable capital gains during the five preceding**
17 **biennia; and**

18 **“(b) Use the rate of change calculated under paragraph (a) of this**
19 **subsection to forecast the tax liability from personal income taxes on**
20 **taxable capital gains for the biennium beginning on July 1 of the year**
21 **in which the calculation is made.**

22 **“(2) Not later than November 1 of the odd-numbered year following**
23 **each calculation under subsection (1) of this section, the Oregon De-**
24 **partment of Administrative Services, in consultation with the De-**
25 **partment of Revenue, shall estimate the tax liability from personal**
26 **income taxes on taxable capital gains for the previous biennium.**

27 **“(3) Not later than November 30 of the odd-numbered year in which**
28 **the estimate is made under subsection (2) of this section, the Oregon**
29 **Department of Administrative Services, in consultation with the De-**
30 **partment of Revenue, shall determine whether the tax liability from**

1 **personal income taxes on capital gains estimated under subsection (2)**
2 **of this section, less any amount required to be returned to taxpayers**
3 **under ORS 291.349, exceeds the tax liability from personal income taxes**
4 **on taxable capital gains forecasted under subsection (1) of this section.**

5 **“(4) Except as provided in subsection (5) of this section, the De-**
6 **partment of Revenue shall transfer an amount equal to 25 percent of**
7 **any excess calculated under subsection (3) of this section to the School**
8 **Districts Unfunded Liability Fund established in section 24 of this 2018**
9 **Act.**

10 **“(5) The Department of Revenue may not make a transfer under**
11 **subsection (4) of this section if:**

12 **“(a) The Legislative Assembly has appropriated moneys from the**
13 **Oregon Rainy Day Fund under ORS 293.144 on or after the effective**
14 **date of this 2018 Act; or**

15 **“(b) The Public Employees Retirement System is more than 90 per-**
16 **cent funded as determined in accordance with rules adopted by the**
17 **Public Employees Retirement Board.**

18 **“(6) The Department of Revenue shall retain unreceipted revenue**
19 **from the tax imposed under ORS chapter 316 in an amount necessary**
20 **to make the transfer required under subsection (4) of this section. The**
21 **department shall make the transfer out of the unreceipted revenue in**
22 **lieu of paying the revenue over to the State Treasurer for deposit in**
23 **the General Fund.”.**

24 On page 5, line 5, after “291.349,” delete the rest of the line and delete
25 lines 6 and 7 and insert “to the School Districts Unfunded Liability Fund
26 established in section 24 of this 2018 Act.”.

27 Delete lines 18 through 45 and delete pages 6 through 8.

28 On page 9, delete lines 1 through 31 and insert:

29 **“NOTE:** Sections 17 through 21 were deleted by amendment. Subsequent
30 sections were not renumbered.”.

1 In line 36, delete “Public Employees Retirement Fund estab-”.

2 In line 37, delete “lished under ORS 238.660” and insert “School Districts
3 Unfunded Liability Fund established in section 24 of this 2018 Act”.

4 On page 10, delete lines 5 and 6.

5 Delete lines 9 through 24 and insert:

6

7 **“SCHOOL DISTRICTS UNFUNDED LIABILITY FUND**

8

9 **“SECTION 24. (1) The School Districts Unfunded Liability Fund is**
10 **established in the State Treasury, separate and distinct from the**
11 **General Fund. Interest earned by the School Districts Unfunded Li-**
12 **ability Fund shall be credited to the fund. The fund consists of moneys**
13 **transferred to the fund under sections 12, 13, 15 and 22 of this 2018 Act**
14 **and other moneys transferred, allocated or appropriated to the fund.**

15 **“(2) Moneys in the fund are continuously appropriated to the Public**
16 **Employees Retirement Board for the purpose of establishing and**
17 **funding a pooled account to be applied against the liabilities of par-**
18 **ticipating public employers, as defined in ORS 238.005, that are school**
19 **districts.**

20 **“(3) The board shall establish an account in the Public Employees**
21 **Retirement Fund for the moneys in the School Districts Unfunded Li-**
22 **ability Fund.**

23 **“(4) The board shall adopt rules providing for:**

24 **“(a) Proportional distribution to school districts of the moneys in**
25 **the account established under subsection (3) of this section;**

26 **“(b) Amortization of the moneys distributed; and**

27 **“(c) Administration of the account established under subsection (3)**
28 **of this section in the same manner as accounts established under ORS**
29 **238.229 (2).**

30 **“(5) No later than February 1 of each odd-numbered year, the board**

1 shall report to the Oregon Department of Administrative Services and
2 the Legislative Fiscal Officer an estimate of how moneys will be dis-
3 tributed under this section in the following biennium.

4
5 **“UNFUNDED ACTUARIAL LIABILITY RESOLUTION PROGRAM**

6
7 **“SECTION 25.** Section 26 of this 2018 Act is added to and made a
8 part of ORS chapter 238.

9 **“SECTION 26.** (1) The Public Employees Retirement Board shall
10 establish an Unfunded Actuarial Liability Resolution Program. Under
11 the program, the board shall provide technical expertise to participat-
12 ing public employers in developing plans to improve the employers’
13 funded status and to manage projected employer contribution rate
14 changes. Participating public employers are not required to participate
15 in the program.

16 **“(2)** The board may use moneys in the Employer Incentive Fund
17 established in section 1 of this 2018 Act for reasonable administrative
18 costs incurred under this section.

19
20 **“REPORTING BY PUBLIC EMPLOYEES RETIREMENT BOARD**

21
22 **“SECTION 27.** Section 28 of this 2018 Act is added to and made a
23 part of ORS chapter 238.

24 **“SECTION 28.** During each regular session of the Legislative As-
25 sembly, the Public Employees Retirement Board shall report to the
26 Joint Committee on Ways and Means on the status of the Employer
27 Incentive Fund established in section 1 of this 2018 Act, the School
28 Districts Unfunded Liability Fund established in section 24 of this 2018
29 Act and the Unfunded Actuarial Liability Resolution Program estab-
30 lished under section 26 of this 2018 Act.

1 **SECTION 29. Section 28 of this 2018 Act is repealed on January 2,**
2 **2027.”.**

3 In line 28, delete “25” and insert “30”.

4 In line 42, delete “26” and insert “31”.

5 On page 11, after line 25, insert:

6
7 **“RECONCILIATION WITH ENROLLED SENATE BILL 1529**

8
9 **SECTION 32.** Section 31, chapter __, Oregon Laws 2018 (Enrolled
10 Senate Bill 1529), is amended to read:

11 **“Sec. 31.** On or before July 1, 2021, the Department of Revenue shall:

12 “(1) Estimate the increase, if any, of corporate tax revenue received by
13 the department and attributable to the treatment of post-1986 deferred for-
14 eign income under An Act to Provide for Reconciliation Pursuant to Titles
15 II and V of the Concurrent Resolution on the Budget for Fiscal Year 2018
16 (P.L. 115-97); and

17 “(2) Notwithstanding ORS 317.853, distribute an amount equal to the es-
18 timate required under subsection (1) of this section as follows:

19 “(a) 18 percent shall be transferred to the Employer Incentive Fund es-
20 tablished under [*section 31a of this 2018 Act*] **section 1 of this 2018 Act.**

21 “(b) 82 percent shall be transferred to the School Districts Unfunded Li-
22 ability Fund established under [*section 31b of this 2018 Act*] **section 24 of**
23 **this 2018 Act.**

24 **SECTION 33. Sections 31a and 31b, chapter __, Oregon Laws 2018**
25 **(Enrolled Senate Bill 1529), are repealed.”.**

26 In line 29, delete “27” and insert “34”.

27 In line 35, delete “28” and insert “35”.