## CHAPTER 9

AN ACT SB 1004
[2002 First Special Session]

Relating to public employee retirement; creating new provisions; amending ORS 238.225; and declaring an emergency.

**Be It Enacted by the People of the State of Oregon:**

**SECTION 1.** ORS 238.225 is amended to read:

238.225. (1) A participating public employer shall, at intervals designated by the Public Employees Retirement Board, transmit to the board those amounts the board determines to be actuarially necessary to adequately fund the benefits to be provided by the contributions of the employer under this chapter. From time to time, the board shall determine the liabilities of the system and shall set the amount of contributions to be made by participating public employers, and by other public employers who are required to make contributions on behalf of members, to ensure that those liabilities will be funded no more than 40 years after the date on which the determination is made.

(2) For the purpose of the actuarial computation required under subsection (1) of this section:

(a) The school districts of the state shall be **grouped together and** regarded as a single employer; and

(b) All community college districts and the state shall be **grouped together and** regarded as a single employer.

(3) For the purpose of the actuarial computation required under subsection (1) of this section, any participating public employer may elect to be grouped with the state and all community college districts and treated as a single employer for actuarial purposes only. An election under this subsection may be made only by participating public employers other than school districts and community college districts. Any public employer that makes an election under this subsection may not revoke the election.

(4) The computation of the contributions of a participating public employer that makes an election under the provisions of subsection (3) of this section shall be based only on the liabilities of the employer that are incurred after the effective date of the employer's election. The board shall separately compute the contribution of the employer for the liabilities incurred by the employer before the effective date of the employer's election.

(5) A participating public employer may make an election under subsection (3) of this section only by the adoption of a resolution or ordinance by the governing body of the public employer.

(6) Except as provided in subsection (2) of this section, the board may not require that any participating public employer be grouped with any other participating public employer for the purpose of the actuarial computation required under subsection (1) of this section. If two participating public employers merge or otherwise consolidate, and one of the public employers has made an election under subsection (3) of this section:

(a) The board may not require that the public employer that is the product of the consolidation be grouped with the state and all community college districts unless the public employer makes an election under subsection (3) of this section; and

(b) The board may require that the public employer that is the product of the consolidation make contributions based on the group rate only for those members for whom contributions based on the group rate were made before the consolidation.

(7) Except as provided in this section, the board may not group participating public employers for the [*purposes*] **purpose** of the actuarial computation required by subsection (1) of this section.

**(8) If a public employer is grouped with any other public employer for the purpose of the actuarial computation required under subsection (1) of this section, and the individual public employer makes a lump sum payment that is in addition to the normal contribution of the public employer and that is designated for application only against accrued unfunded liabilities attributable to the employees of the individual public employer, the board shall adjust the amount of contributions to be made by the individual public employer to ensure that the benefit of the lump sum payment accrues only to the individual public employer making the payment. An individual public employer that makes a lump sum payment under the provisions of this subsection shall remain grouped with other public employers as provided in this section for the purpose of all liabilities of the employer that are not paid under this subsection. The board by rule may establish a minimum lump sum payment that must be made by an individual public employer before adjusting contributions under this subsection. Notwithstanding any minimum lump sum payment established by the board, the board must allow an individual public employer to make a lump sum payment under the provisions of this subsection if the payment is equal to the full amount of the individual public employer's accrued unfunded liabilities.**

SECTION 2. **Consistent with the provisions of ORS 238.225 (8), within 90 days after the effective date of this 2002 Act the Public Employees Retirement Board by rule shall establish procedures and requirements for the adjustment of contributions under ORS 238.225 (8).**

SECTION 3. **This 2002 Act being necessary for the immediate preservation of the public peace, health and safety, an emergency is declared to exist, and this 2002 Act takes effect on its passage.**

Approved by the Governor February 25, 2002
Filed in the office of Secretary of State February 25, 2002
Effective date February 25, 2002