REVENUE: No revenue impact
FISCAL: No fiscal impact

Action:		Do Pass as Amended and Be Printed Engrossed
Vote:		4 - 0 - 1
	Yeas:	Beyer, Gordly, Monroe, Prozanski
	Nays:	0
	Exc.:	Avakian
Prepared By:		Anna Braun, Administrator
Meeting Dates:		5/30

WHAT THE MEASURE DOES: Clarifies that an educational institution can provide nonelective employer contributions to a tax-sheltered annuity or custodial account on behalf of an employee.

ISSUES DISCUSSED:
- Faculty recruitment tool
- Clarification of current statute

EFFECT OF COMMITTEE AMENDMENT: Removes reference that deleted ORS 243.830.

BACKGROUND: Educational institutions, such as school districts, can utilize tax-sheltered annuities or custodial accounts such as a 403(b) plan as part of an employee's benefit package. They can typically be set up for an employee to have monthly deductions from their wages with a maximum amount to be contributed to the account, typically a percentage of the employee's income. Some districts choose to contribute to the employee's account, such as a standard percentage of the employee's income, but there is nothing in current statute that clearly authorizes nonelective contributions to take place. HB 3183-A fixes this oversight by establishing that an educational institution can make contributions in addition to an employee's contributions.

Employers who are included in the measure include the State Board of Higher Education, any other state agency, a community college district, a school district, the Oregon Health and Science University, and an education service district employing an individual who performs services for an educational institution.

A 403(b) plan is a tax advantaged retirement savings plan available for public education organizations, some non-profit employers (501(c)(3) organizations) and self-employed ministers in the United States, and its tax treatment is similar to a 401(k) plan. Employee salary deferrals into a 403(b) plan are made before income tax is paid on it, and is allowed to grow tax deferred until the money is taxed as income when taken out of the plan.