

House Bill 3183

Sponsored by Representative MACPHERSON

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Clarifies that educational institution may make nonelective employer contributions to tax-sheltered annuity or custodial account on behalf of employee.

A BILL FOR AN ACT

1
2 Relating to employees of educational institutions; amending ORS 243.820; and repealing ORS 243.810
3 and 243.830.

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

5 **SECTION 1.** ORS 243.820 is amended to read:

6 243.820. (1) In order to obtain the advantages of [*section 403(b) of title 26, United States Code*]
7 **26 U.S.C. 403(b)**, or any equivalent provision of federal law, an employer [*subject to ORS 243.810 to*
8 *243.830*] may agree with an [*individual employed by it,*] **employee** who performs services for an ed-
9 ucational institution[,] that:

10 (a) The employee's salary will be reduced monthly by a stated amount, or the employee will
11 forgo monthly a salary increase of a stated amount; and

12 (b) **On behalf of the employee**, the employer [*will*] **shall** contribute monthly an amount equal
13 to the stated amount determined under paragraph (a) of this subsection [*for such month,*] as premi-
14 ums for an annuity contract or [*for shares of an investment company registered under the federal In-*
15 *vestment Act of 1940 for such employee*] **to a custodial account for investment in the stock of**
16 **regulated investment companies as defined in 26 U.S.C. 403(b)(7)C**. The amount contributed
17 by the employer **under this subsection** [*shall*] **may** not exceed the stated amount.

18 (2) Notwithstanding any other provision of law, pursuant to an agreement under subsection (1)
19 of this section, the stated amounts shall be forwarded by the employer as annuity premiums to the
20 company or association with which it has entered into an annuity contract or to the **regulated** in-
21 vestment company or its transfer agent for the benefit of [*such*] **the** employee.

22 (3) **An employer may make nonelective employer contributions on behalf of an employee**
23 **who performs services for an educational institution as premiums for an annuity contract,**
24 **or to a custodial account for investment in the stock of regulated investment companies as**
25 **defined in 26 U.S.C. 403(b)(7)C), for the purpose of obtaining the advantages of 26 U.S.C.**
26 **403(b) or any equivalent provision of federal law. Employer contributions under this sub-**
27 **section are in addition to any employee contributions under subsection (1) of this section.**

28 (4) **As used in this section:**

29 (a) **"Educational institution"** means an educational institution that normally maintains
30 a regular faculty and curriculum and normally has a regularly organized body of students in
31 attendance at the place where its educational activities are carried on or an education ser-

NOTE: Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted.
New sections are in **boldfaced** type.

1 **vice district.**

2 **(b) “Employer” means the State Board of Higher Education, any other state agency, a**
3 **community college district, a school district, the Oregon Health and Science University or**
4 **an education service district employing an individual who performs services for an educa-**
5 **tional institution.**

6 **SECTION 2. ORS 243.810 and 243.830 are repealed.**

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